

## Europeans Log On To Investment Fever

### U.S. Brokers Start to Target Continent

By John Tagliabue  
New York Times Service

LONDON — Alan English has an addiction, and he is not ashamed to discuss it.

"I log on every day, sometimes from the office, in the morning and in the evening," said Mr. English, 51, a computer consultant, who is still hooked a year and a half after he began shopping for stocks over the Internet.

"Some days I don't trade, some days I trade four or five times a day," Mr. English is one of a growing number of Europeans with on-line investment fever. After years of being coddled by cradle-to-grave social security systems, Europeans are being urged to take a larger hand in planning their financial futures. The result is a stock market boom, and as Web surfing gains popularity across Europe, more and more people are logging on to shop for financial products, retrieving detailed financial information and buying and selling shares.

Compared with the United States, where about 20 percent of all stock trades are entered over the Internet, the movement in Europe is still in its infancy. But as the trend gathers pace, American Internet brokers have begun moving into Britain and increasingly are setting their sights on the Continent as well.

Their arrival poses a challenge for fledgling European on-line trading firms — operations whose ambitions are for the moment limited to national markets, in contrast to the global ambitions of their American competi-

ors. Analysts expect the arrival of the Americans to accelerate vast changes in the securities business that are already under way here as Europe forges itself into a single market.

Nowhere is the trend more apparent than in Britain. In April, Charles Schwab Corp. started an on-line trading service, and in June, the E-Trade Group, based in California, announced a joint venture with a British partner, as well as licensing agreements in Germany. Other Internet brokers, such as Ameritrade and DLJ Direct, are studying moves to catch up.

American brokers, under competitive pressure back home that is driving down profit margins, are being drawn to the lucrative potential of Europe, where the idea of a discount broker is still rather novel, said Stephen Eckert, the author of "Investing Online," a guide to Internet investment.

Mr. Eckert said that fees at full-service brokers in Britain for the purchase of \$10,000 of stock in a British company would amount to about \$120, while the going commission for making a similar trade on the World Wide Web could be as low as \$9.

Though European investors can already use U.S. on-line brokers to buy shares in the United States, the American companies do not actively promote this business for fear of ranking European securities regulators. Thus, at the start, the American on-line brokers operating in Europe, like Schwab, are offering their customers the chance to trade only on individual

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## A Test for Ulster Loyalists

### Gloom Created by Tragedy of 3 Children Dims Orangemen's Boisterous Resistance

By Fred Barbash  
Washington Post Service

Those disputed Protestant Orange Order parades shown each year on television news as they pass through angry Roman Catholic neighborhoods in Northern Ireland are not just parades.

They are loyalty tests that force Protestant politicians and others in the Protestant community to take a stand for the Orangemen or against them — the only two choices permitted.

"Against" has been too risky an option for most, and the Orange Order always got its way, until this month.

In the face of Orange threats to "paralyze" the province, which have typically prompted the police and the government there to capitulate to their demands, the authorities called the Orange bluff and stood firm.

When the Orange Order refused to call off its mob action in Portadown after the firebombing of the home of a Catholic mother, which killed her three children, many traditional supporters of the Order, including one of its own chaplains and the top Protestant leader in Northern Ireland, abandoned the Orangemen in revulsion.

Now, the "siege of Drumcree," the Orangemen's defiant stand against a ban on their planned march through their church in Drumcree parish into a Catholic quarter in Portadown, has all but collapsed.

So, perhaps, has the Orange grip on Protestant politics in Northern Ireland. If so, the chances for the success of representative democracy there will be enhanced.

So, too, will the chances for peace. The Orange Order, also known as the

Loyal Orange Institution, derives its name from William of Orange, also known as William III, the Protestant king of England, who drove the Catholic James II from Ireland in 1690.

Since its founding in 1795, the order has dedicated itself to what it describes as the defense of Protestant culture from destruction or absorption by "papists."

Irish nationalists and terrorists. Although Northern Ireland (1.6 million people) is roughly 60 percent Protestant and Protestant politicians have wielded vastly superior political power for 70 years, Orange Order leaders still believe that their communities have been targeted by Catholics for a form of "ethnic cleansing."

When Orangemen aren't marching, they are meeting in hundreds of fraternal lodges across the province, attending lodge events and outings and generally behaving like ordinary people. They do love a parade, and hundreds come off without incident every year, with bands, picnics and happy children, like the Fourth of July.

The trouble comes in certain areas—like the Garvaghy Road in Drumcree parish in Portadown, where the routes cross into Catholic areas. Then, the Orange Order's siege mentality produces something darker — marches of "triumphalism," according to Catholics; acts of resistance, according to the Orangemen.

Remember two years ago this month being escorted to the Orange Order command center in the church at a similar siege of Drumcree, where a perfectly reasonable-looking school teacher

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Victims lying on the coast of Papua New Guinea after tidal waves caused by a quake devastated their village.

## Tsunamis Pound Papua New Guinea

### More Than 1,000 Feared Dead as 3 Tidal Waves Obliterate Villages

PORT MORESBY, Papua New Guinea — More than 1,000 people were feared dead Sunday after three tidal waves destroyed villages on the north-west coast of Papua New Guinea, sweeping hundreds to their deaths and leaving thousands homeless.

More than 700 people were confirmed dead, Roman Catholic officials in the town of Aitape said.

On Sunday, rescuers continued dragging bloated bodies from the Sissano lagoon, which was littered with splintered remains of huts that once made up several villages on its shores.

Villagers living along the lagoon had nowhere to run when the massive tidal waves caused by an offshore earthquake swept out of the darkness and destroyed

their beachfront homes Friday night. Geological centers in Hawaii and Australia, which monitored the quake, said it measured 7.0 on the Richter scale in the Bismarck Sea off Papua New Guinea's northwest coast.

Survivors said first their homes trembled as the earthquake shook the seabed. Then they heard a roar like a jet fighter landing.

Three huge waves, the last and largest estimated at 10 meters (33 feet) high, swept men, women and children into the sea.

"We just saw the sea rise up and it came toward the village and we had to run for our lives," said Paul Saroya, who lost eight members of his family.

Many of the villages on the sliver of land that separates the lagoon from

the sea have completely disappeared. The Australian Defense Force, which is helping in the rescue operation, estimates 6,000 people are homeless. Some 10,000 people lived in the area.

Rescuers used helicopters and speedboats to ferry the injured to the Aitape hospital, which also was used as a makeshift morgue. Health officials at Aitape said most of the injured had suffered multiple fractures or gashes when they were thrown against trees and debris.

Hospitals in Aitape and Vanimo, the capital of West Sepik, were becoming full, rescuers said, adding that the most seriously injured were being airlifted to a larger hospital in Wewak, about 140 kilometers (90 miles) east of Aitape.

Prime Minister Bill Skate visited the devastated area Sunday.

## Indonesian President Knocks on U.S. Door

By Keith B. Richburg  
Washington Post Service

JAKARTA — Two months after taking power in a country gripped by political and economic crisis, President B. J. Habibie is considering running for a full term as president next year and wants to seal his legitimacy with an official visit to Washington and a White House meeting with President Bill Clinton.

In an interview, Mr. Habibie said he had not been invited to make an official visit to the United States, but had conveyed his "dream" to the U.S. deputy Treasury secretary, Lawrence Summers, and the U.S. assistant secretary of state for East Asian and Pacific affairs, Stanley Roth.

"If I ever have the chance," he said, "the first country I'm going to visit must be and will be the United States of America." He said the purpose of a visit would be "to underline how deep our gratitude is" for American economic assistance.

Mr. Habibie claimed to be making some progress in easing Indonesia's economic crisis. But he played down the need to restore the nation's important ethnic Chinese business community, which was devastated by recent riots, and said the continued collapse of the Indonesian currency, the rupiah, was now mainly due to outside factors, such as the weakness of the Japanese economy and the weakening of Asian trade.

"This is a sickness of interdependency among nations," he said.

After almost two months in office, the loquacious and

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Mr. Habibie showing off one of a pair of locally made shoes he bought in Jakarta for the equivalent of \$2.70.

## Dozens Die As a Town In Kosovo Is Ensnared

### 2 Sides Claim Control As Conflict Intensifies And Hundreds Flee

Compiled by Our Staff From Dispatches

PRISTINA, Yugoslavia — Hundreds of Serbian troops battled secessionist guerrillas for control of a town in central Kosovo on Sunday.

Both sides claimed that they controlled most of the town of Oraovac, about 50 kilometers (30 miles) southwest of Pristina, but explosions and machine-gun fire echoed throughout surrounding hills and several buildings burned intensely. Oraovac, with a normal population of 20,000, is the largest town yet caught in the five-month ethnic conflict.

Reporters on the scene said it was not clear whether either force controlled the town amid the house-to-house fighting and shelling in one of the largest battles so far in Kosovo, in which the Kosovo Liberation Army, an ethnic Albanian rebel group, is fighting for independence.

Agence France-Presse reported that at least 110 people were killed Saturday and Sunday. The most serious clash was early Saturday, when a group of around 1,000 separatists tried to enter Kosovo from neighboring Albania, where Yugoslavia says they are trained. At least 90 were killed, according to sources in Pristina.

At least 20 separatists were killed overnight in three further clashes with Yugoslav Army border guards in the same region, around Djerravica, the Pristina sources said.

Yugoslav Army sources put Saturday's death toll at 30. They said the dead all wore the uniform of the Kosovo Liberation Army.

If confirmed, the larger death toll would bring to more than 450 the number of people killed in clashes between the separatists and Yugoslav forces in Kosovo since February. Thousands more have fled their homes.

Witnesses said hundreds of refugees from nearby villages were fleeing the

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## Judge Stubs Secondhand Smoke's Big Cancer Link

By John Schwartz  
Washington Post Service

WASHINGTON — A federal judge has ruled that the Environmental Protection Agency wrongly declared secondhand tobacco smoke a dangerous carcinogen in a landmark 1993 report, a decision that could imperil hundreds of local and regional ordinances banning indoor smoking.

The controversial report concluded that environmental tobacco smoke is a Class A carcinogen, as hazardous as radon and responsible for some 3,000 lung cancer deaths each year. The tobacco industry promptly sued in federal court to force the study to be withdrawn, arguing that the agency ignored accepted scientific and statistical practices in making its risk assessment — a contention that was also made by many independent scientists.

After five years of court pleadings and deliberations, a U.S. District Court judge, Thomas Osteen of the Middle District of North Carolina, ultimately agreed with the industry. He issued his opinion late Friday.

Carol Browner, administrator of the Environmental Protection Agency, said in an interview that the opinion was disturbing because "it's so widely accepted that secondhand smoke causes very real problems for kids and adults. Protecting people from the health hazards of secondhand smoke should be a national imperative."

Ms. Browner said the administration would almost certainly appeal the decision.

Michael York, an attorney for the cigarette giant Philip Morris Cos., called Judge Osteen's decision "a very important ruling" that could force the agency to reverse its stand on secondhand smoke.

"Now it will be up to the agency to re-examine all of the relevant studies and make the honest determination that the statistical correlations are extremely weak," he said, to justify that secondhand smoke is a Class A human carcinogen.

Reports on the effects of secondhand smoke have long been controversial.

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## Anger Rips Nigeria's Sacred Traditions

By Roger Cohen  
New York Times Service

ABEOKUTA, Nigeria — Beneath the chaos of Nigeria lie the African anchors of custom and tribal tradition. But the shattering of a taboo here in the hometown of the late opposition leader, Moshood Abiola, has suggested that even these bulwarks are vulnerable to the country's angry mood.

All that remains of the sacred palace of the current king of the area's Yoruba

tribe is a blackened ruin, stripped of its crown, its valuable books and other treasures. After the death in detention of Mr. Abiola on July 7, thousands of people stormed and ransacked the building.

The king "was a father figure to the people," said Toyin Coker, a lawyer and local dignitary, "so we cannot understand this blind rage."

"Once respect for elders is forgotten, and tradition," the lawyer added, "you are nowhere, neither here nor there, and you are floating dangerously. That is Nigeria's condition today."

Two other lesser palaces were also destroyed during days of rioting that have now calmed. But a dusk-to-dawn curfew remains in place, as does a burning anger at the death of Mr. Abiola, who endowed mosques, schools and other institutions here after rising from the poverty into which he had been born.

The anger of Abeokuta, which is also the hometown of the writer and Nobel laureate, Wole Soyinka, takes several forms: that of ardent reformers against the annulment of the 1993 presidential election that Mr. Abiola had appeared set to win; that of the myriad poor against wealthy citizens like the king, and, most

explosively, that of the area's dominant Yoruba tribe against its perceived ethnic enemies in northern Nigeria.

Cobbled together by the British colonialists in 1914, Nigeria is an ambitious creation, bringing together more than 200 ethnic groups.

Since independence in 1960, it has fought a civil war, in Biafra, in which a million people died over an attempt by the eastern Ibo tribe to secede. Today it is the Yoruba of the southwest — Mr. Abiola's tribe — who most pressing question their place in Africa's most populous nation.

At the Baptist Boys High School, founded by American missionaries in 1923 and attended by Mr. Abiola, the principal, Gbolahan Aroroye, talked with cool indignation of Nigeria as an exhausted experiment, a failed state ready to be dismantled.

"I now favor Yoruba separation from Nigeria," Mr. Aroroye, sitting in an office with a photograph of Mr. Abiola outside the door. "It is impossible to live in a country where only certain citizens can aspire to the highest office. Yet here, one or two ethnic groups feel it is their

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## AGENDA

### Israel and Palestinians Resume Talks

TEL AVIV (Reuters) — Israel and the Palestinians began their first direct negotiations in 16 months on Sunday and agreed to further talks.

"We discussed all outstanding issues over the past three hours," a Palestinian Authority official, Mahmoud Abbas, said after meeting with the Israeli defense minister, Yitzhak Mordechai. "We went in-depth in to these issues. We agreed to continue the follow-up in order to listen to the ideas."

Mr. Mordechai said the talks would "focus in coming days on the central issues and to look for solutions to bridge the gap" between the two sides. Negotiations have been stuck since Israel broke ground on a Jewish settlement in Arab East Jerusalem in March 1997.

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SMILES — Mark O'Meara lining up a putt in his victory Sunday at the British Open. Page 18.

Newstand Prices	
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## Paris Fashion/ Fall-Winter Collections

Another Goal for the French  
As Gaultier's Couture ScoresBy Suzy Menkes  
International Herald Tribune

PARIS — It was the sexiest, sleekest, chicest trench coat ever to have entered high fashion's war zone. And with it, designer Jean Paul Gaultier reclaimed lost territory for the French.

The cheers that rang out for Gaultier, as the fall-winter haute couture shows opened Sunday, were a recognition that Paris has a new vigor and energy. Call it the World Cup effect or just an unexpected upsurge of Gallic optimism. But suddenly, Anglo-Saxon designers who were brought in to invigorate flagging French fashion look like yesterday's news.

In fact, Alexander McQueen, who brought bows and arrows out on the runway for his Givenchy show, shot himself in the foot. His overelaborate presentation — all cascading water and rain forest backdrop — looked not only like a costume party, but a familiar one.

Behind the new upbeat spirit is a practical change. High fashion's ruling body has opened up its calendar to a wider category of designers, bending the rules to invite those who do not have the vast studios and specialist staff that kept haute couture in the hands of a few august names.

Designers like Gaultier and Thierry Mugler, who come from high-end ready-to-wear, have been joined by thirtysomethings who make virtual couture: clothes that are executed partly by hand, using some of the traditional techniques, but by designers with a modern outlook who expect fashion to correspond to the real world.

The cheers that rose to a crescendo for Gaultier applauded a rite of passage by the designer from virtual couture to the real thing.

The eternal bad-boy designer, who once thumbed his nose at the fashion establishment, showed a powerful collection that expressed the essence of what people want from new couture: realistic outfits that still catch the glamour and magic of high fashion, combining rigorous technique with a rich and witty imagination.

That is what Gaultier pulled off in 50 outfits in a show that closed with a bridal couple in his-and-her Aran knit outfits. That, like so much of the show, was a nod to Yves Saint Laurent and a knitted wedding dress he made in his salad days.

From the same source, but shown with a subtle update and a modern edge, were the trench coats, where the bolero slipped off to reveal a slinky dress, and leather biker jackets that Saint Laurent introduced to a stunned couture world 40 years ago. Gaultier gave back his leather couture glamour by mixing it with feathers.

"Elegance, a real Parisian elegance, that's what I was thinking about," said Gaultier backstage, taking a hug from Pierre Berge, Saint Laurent's partner, who continues to deny persistent rumors that Gaultier might one day take over YSL couture.

In his fourth couture collection, Gaultier made the complex seem easy and the everyday seem special. He took the sportswear that everyone wears and typical symbols from his own collections and gave them a lift to couture level. That meant a long skinny kilt, giving a slender silhouette, and a blouson jacket for volume. And the sweater-and-skirt look he had shown in ready-to-wear was reworked as a knit with a Nordic pattern picked out in beads.

EACH piece seemed to have been thought out carefully. In this innovative collection, where there was rarely anything out of or unwearyable.

Givenchy's Amazonian jungle scenario, with water tumbling through a tropical rain forest at the end of his runway, was already a bad sign that McQueen was continuing with the extravaganzas show pioneered by John Galiano.

In fact, one of the problems with the show was that some of its most striking outfits — filigree lace coats made out of leather and bias-cut dresses embroidered with irises — were reminiscent of things Galiano has done for Dior.

The snappiest outfits had McQueen's sharp, hard-edged signature, but they were familiar from his own shows: leather suits pieced together like geometric patchwork; all-in-one tailored overalls and pantsuits. The newer looks were often elegant, especially the wrap coats, cuddled to the body and belted at the hips. But this style was almost too backward-looking, as if McQueen had been trawling through the archives of fashion history.

There is no denying how hard McQueen had worked at every last detail and if you want showmanship, he certainly delivered, from the entrance of a scantily clad maiden in flower-strewn sheet dress, through the closing episodes of the Amazonian soap opera. The clothes featured trophy birds dangling from a belt like dead

budgerigars and Big Chief feathered headdresses that looked like a quiver full of arrows.

But Gaultier's show proved how much smarter it looks now to focus on great clothes, rather than showbiz.

Didier Grumbach, the new president of the Chambre Syndicale de la Couture Parisienne, is adamant that new blood must be brought into high fashion. But there are now three different tiers of designers: the pure couture of Chanel, Dior, Lacroix, Ungaro and Valentino — who have serious studios and big bucks; smaller studios dealing in "nouvelle couture," which — like the cuisine — is lighter, uses fewer rich ingredients; and others who just plant themselves on the calendar.

Ironically, the new arrivals seem mostly to be designers who want to return to the traditional purpose of couture: to serve a private clientele.

The team leader of these client-pleasing shows, done with a light touch and some modernist details, is Dominique Sirop. He showed a nicely judged collection in harvest festival colors — from berry red to wine and mushroom beige. The silhouette was slim but given volume with a fox collar here and a waft of chiffon cape, with the sudden swirl of cloak and the blouson tops that seem to be a trend of these early shows.

What lighted up the show? Hologram prints on bustiers and stardust silver embroidery. But it was hard to look at such a collection after Gaultier's presentation without finding it risk-free and classical.

THE Brazilian designer Ocimar Versolato moved ahead in his collection of linear silhouettes and modernist effects, like plaques of embroidery. The designer's former look, under his own label and for Lanvin, was for more sensual and glamorous fashion, but he is now trying to push his image forward. That meant working through the modernist fashion oeuvre — here, Japanese-inspired folds and unscrolling pieces at the back like vertical oil sashes; there, geometric cutouts opening windows on the body and recalling Pierre Cardin in the 1960s.

Although this was not a mold-breaking collection, Versolato has accepted the first principle of millennium fashion: it proceeds from fabric research. Intriguing materials included silk fluffed to resemble fur, a papery lattice, metallic fringes and eyelets set with mirror embroidery.

Christophe Rouxel, 33, can best be described as a deb's delight. His collection of short flirty dresses and romantic Renaissance coats was clearly destined for those young French women — with a generous allowance from Papa and a generous figure (merci, maman!) — who hold dances in the family's ancestral chateau. What could be more appropriate than a soothing evening dress with flaring sleeves and a simple tunic and pants outfit for the next day's reception? All this dressmaker-to-the-upper-crust stuff was paraded to a violinist playing Bach.

Regular couture designers are understandably doubtful about the promotion by the Chambre Syndicale of designers who are muddying the definition of what is haute couture.

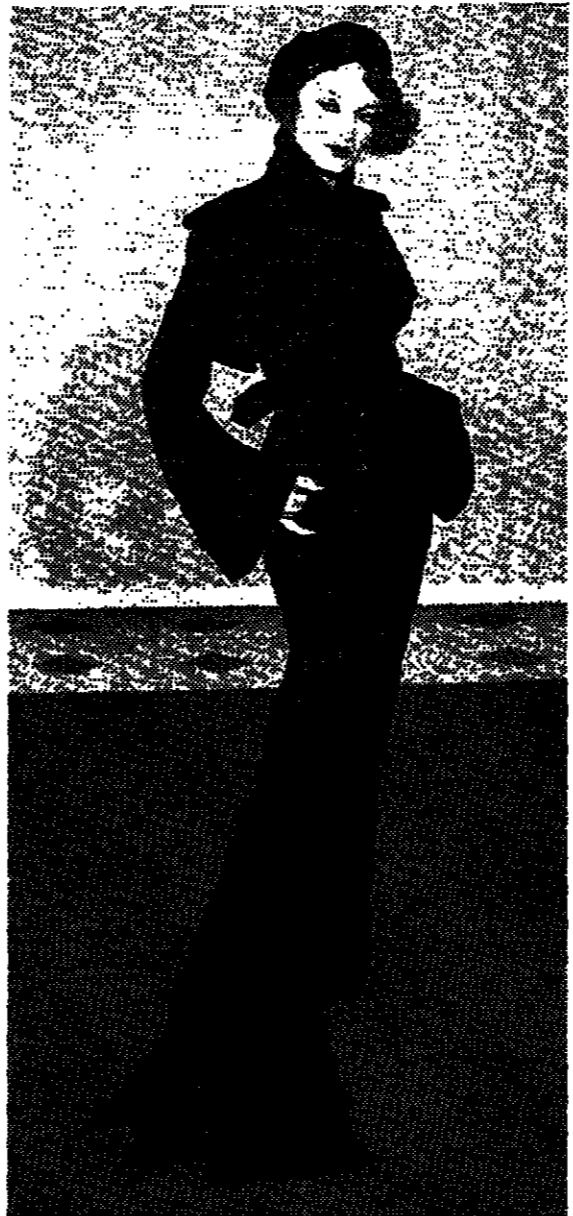
"We mustn't confuse couturiers and couturiers," said Jean-Jacques Picart of Christian Lacroix, using the French word to describe a dressmaker.

"Just because someone can make a nice dress in crepe de chine, it doesn't mean that they are doing couture," he said.

At Chanel, Karl Lagerfeld also tried to define haute couture. "For me, it has to be something I can't do in ready-to-wear — it's this kind of craftsmanship," he said, showing a lightweight leather skirt stitched in separated panels.

Yet there does seem to be a market out there for "demi couture" — designers who operate like the dressmakers of the past. On Tuesday — off the official list — Stéphane Saunier, 30, will present a collection in his tiny salon in the Place Vendôme. He has been financed by one of his clients and will show what he calls "le chic français": suits in a heady cocktail of colors with pink and green marabou feathers wafting above sugar-pink suits and useful draped dresses. Saunier formerly worked with Stéphane Rolland, 31, who shows his first line for Jean-Louis Scherrer on Monday.

Among these young fogies creating the eternal click-clack high-heeled elegant Parisienne, there are modernists. Pascal Humbert, who trained as a painter and a theater designer, shows his works of art on Tuesday. And Viktor & Rolf, a Dutch duo, whose conceptual fashion has previously been displayed in art galleries, are staging a show. Their previous work has included the ultimate in virtual reality couture: a perfume bottle that is only packaging, no content. Two hundred have been sold so far.



"Elegance, a real Parisian elegance, that's what I was thinking about," said Jean Paul Gaultier after his show Sunday. Gaultier's slinky trench dress with detachable bolero, top; draped dress with trophy birds dangling from the belt from Alexander McQueen's haute couture collection for Givenchy, which featured an Amazonian rain forest as backdrop.

In Iran, an Evolution  
Amid Muted ApplauseBy Elaine Sciolino  
New York Times Service

TEHRAN — In early July, just as Iranian officials were about to set ablaze more than 100,000 pounds of seized drugs as part of a much publicized anti-drug spectacle, a small group in the audience began clapping and whistling when President Mohammed Khatami stepped up to the lectern.

In some quarters in Iran, clapping and whistling are considered un-Islamic behavior, an alien import from the West. So a rival group tried to drown out the sounds with salutes to the prophet Mohammed and his descendants.

As the clapping and whistling and saluting grew louder, tempers grew shorter and fists started flying. And in full view of the president, visiting UN officials, the diplomatic corps and thousands of guests, security forces had to drag away the rowdiest participants.

This is the fledgling "civil society" of Iran where almost two decades after the 1979 Islamic revolution, religious strictures still dominate and repression can be swift, but where competing voices increasingly are heard.

In August, it will be one year since Mr. Khatami assumed the presidency, rolling into office in an upset victory on a ticket that promised the rule of law, expanded freedoms and the creation of a social and political environment that would make people believe — as they did in the early years of the revolution — that they had a stake in their country's future.

Since then, Mr. Khatami has transformed the public debate over basic political issues, lifted restrictions on publishing, filmmaking and the news media, solidified relations with the Gulf Arabs and the Europeans and reached out — though only rhetorically — to the United States.

But Mr. Khatami, a cleric who proclaims fidelity to Iran's Islamic constitution, finds himself fighting battles with political and religious enemies to keep his programs alive and his allies in office.

Under the constitution, the spiritual leader of Iran, Ayatollah Sayed Ali Khamenei, controls the armed forces, the security and intelligence services, radio and television and the judiciary. Mr. Khatami is also struggling to satisfy a population whose per-capita income is about one-third of what it was two decades ago under the monarchy that preceded the Islamic Revolution. This comes at a time when the dramatic decline in the price of oil, which accounts for 85 percent of Iran's hard-currency earnings — and the paucity of foreign investment have blocked any meaningful economic expansion.

Even Mr. Khatami's closest aides openly acknowledge the problems.

Many of the levers of power are not in the hands of the president and since his rivals had a bitter defeat when he was elected and are holding some of the most powerful positions, they're not giving him any help. "Mohammed Ali Khatami, Mr. Khatami's closest personal adviser, said in an interview.

"Compounding the problem is that many of the 20 million people who voted for him don't understand his limitations and are demanding speed and action. Some of them don't even believe in religion or the constitution. So we're caught between fascism and anarchy."

In contrast to earlier times when many political battles were fought in secret, tensions in the system now play out much more openly.

The recently completed court hearings in the graft trial of the mayor of Tehran, Gholam-Hossein Karbaschi, was televised in full — the first time a trial had been broadcast — and watched in restaurants, teahouses and airport lounges. Ordinary Iranians sat riveted to their television sets until 2 or 3 in the morning, exposed for the first time to a legal system in which the judge, who has yet to announce the verdict, is prosecutor and jury as well.

The parliamentary debate that ousted Interior Minister Abdullah Nouri in June was broadcast live on radio and later shown on television.

In this environment, social and political liberalization seems uneven.

Despite all the emphasis on the rule of law, Mohsen Saizadeh, an outspoken midlevel cleric who has written and spoken extensively on the rights of women, was arrested at his home in early July.

In the preceding weeks, Mr. Saizadeh had written articles opposing bills in the Parliament that would ban the publication of photos of unveiled women in the press and ban male doctors from treating female patients. Even more daring was an article he wrote declaring that laws that deprive women of their rights stem from incorrect interpretations of Islamic law. His wife was given no reason for his arrest.

The tension between the impulse to appear modern and the desire to remain faithful to ideals inherited from the revolution plays out in other ways. Managers of Tehran's best hotels are industriously renovating for what they hope will be an invasion of American tourists. But certain rooms are still used occasionally for interrogating political prisoners.

Conservative clerics rail at the evils of "cultural invasion" from abroad. But even many religious families have bought satellite dishes (still officially banned), a small Tehran hotel plays "Santa Claus Is Coming to Town" when callers are put on hold, and bootleg videos of "Titanic" sell for less than \$3 on the streets.

The political terrain is so transformed — at least on the surface — that some of the same people who took the most uncompromising stances during the early years of the revolution — confiscating private property and castigating politicians who preached tolerance — are now backing Mr. Khatami's line about the importance of the rule of law.

That metamorphosis from revolutionary purism to reform in the name of creating a civil society has been particularly dramatic for the founders of Jameh, the liveliest and boldest daily newspaper in Iran and one that is emblematic of the changes in intellectual life since the election of Mr. Khatami.

Masbullah Shams ol-Vaezin, the 40-year-old editor, served as the first editor of the rigidly Islamic daily Kayhan under the revolution. Mohsen Saizadeh, the publisher, was a leading member of Iran's Revolutionary Guards.

Last February, after raising \$100,000 and taking out a bank loan, they began publishing Jameh in a white, California-style villa with an unused swimming pool and state-of-the-art computers.

The paper ran a three-part interview with Abbas Amir Enayat, a former official, freed after serving 15 years' imprisonment as an American spy, who talked about torture in the prison system and the need to separate religion from politics.

Jameh was the first to report a closed-door speech of the commander of the Revolutionary Guards in which he vowed to "cut the necks and tongues" of political opponents.

It regularly publishes front-page pictures — in color — that celebrate what it calls "the joy of life" — village women taking presents to neighbors, two women farmers smiling as they harvest wheat, a field of flowers in spring.

But in June a court revoked its license. What was particularly offensive to the authorities, Mr. Shams ol-Vaezin said, were photographs that were declared "immoral": a report that prisoners must pay four times the market price for eggs, a satirical cartoon that made fun of various clerics and political figures, and the publication of the speech by the commander of the Revolutionary Guards.

The two men have appealed and have been allowed to continue publishing pending a final verdict. They have also been granted permits to publish under a different name.

"We are a test case of how much openness the government can tolerate," Mr. Shams ol-Vaezin said. "I call it a hot test of democracy."

But some avid readers of Jameh express disappointment that since the revocation of its license, the paper has taken fewer risks and lost its cutting edge — another illustration, they say, of the country's larger political battle with high stakes and an unpredictable ending.

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THE WORLD'S DAILY NEWSPAPER

## TRAVEL UPDATE

## Egypt Tries to Lure Back Tourists

CAIRO (AFP) — Tourism Minister Mamduh Beltagi inaugurated a monthlong tourism and shopping festival in Cairo and the Red Sea resort of Hurghada on Sunday. Prices of hotels, transportation and goods have been slashed for the first-ever shopping month here in hopes of drawing the foreign tourists who have avoided Egypt since 58 foreigners and four Egyptians were massacred by Islamic militants in Luxor in November.

Stores are reducing their prices from 10 to 50 percent, while the cost of spending a night at an Egyptian hotel has been halved. In addition, tourists will be reimbursed for the money they spend on value-added tax on their purchases.

## Iran Will Issue Visas at Its Airport

TEHRAN (Reuters) — Iran will soon issue 72-hour visas at Tehran's Mehrabad airport to foreign businessmen arriving at the invitation of local companies, press reports said Sunday. The move is designed to encourage foreign trade, now frequently hindered by time-consuming and cumbersome visa procedures.

## This Week's Holidays

Banking and government offices will be closed or services curtailed in the following countries and their dependencies this week because of national and religious holidays:

**MONDAY:** Botswana, Colombia, Japan.  
**TUESDAY:** Belgium, Botswana, Guam, Puerto Rico.  
**WEDNESDAY:** Cambodia, Swaziland.  
**THURSDAY:** Egypt, Libya.  
**FRIDAY:** Bahrain, Saudi Arabia, Venezuela.  
**SATURDAY:** Costa Rica, Cuba, Equatorial Guinea, Puerto Rico, Tunisia.

Sources: J.P. Morgan, Bloomberg, Reuters.

## Europe

	High	Low	High	Low
Algeria	29.52	28.93	24.75	19.96
Austria	29.52	28.93	24.75	19.96
Belgium	29.52	28.93	24.75	19.96
Bulgaria	29.52	28.93	24.75	19.96
Czech	29.52	28.93	24.75	19.96
Denmark	29.52	28.93	24.75	19.96
France	29.52	28.93	24.75	19.96
Germany	29.52	28.93	24.75	19.96
Greece	29.52	28.93	24.75	19.96
Ireland	29.52	28.93	24.75	19.96
Italy	29.52	28.93	24.75	19.96
Japan	29.52	28.93	24.75	19.96
Netherlands	29.52	28.93	24.75	19.96
Poland	29.52	28.93	24.75	19.96
Portugal	29.52	28.93	24.75	19.96
Spain	29.52	28.93	24.75	19.96
Sweden	29.52	28.93	24.75	19.96
Switzerland	29.52	28.93	24.75	19.96
Turkey	29.52	28.93	24.75	19.96
U.K.	29.52	28.93	24.75	19.96
U.S.	29.52	28.93	24.75	19.96

## Forecast for Tuesday through Thursday, as provided by AccuWeather.

	High	Low	High	Low	High	Low
Algeria	29.52	28.93	24.75	19.96	29.52	28.93
Austria	29.52	28.93	24.75	19.96	29.52	28.93
Belgium	29.52	28.93	24.75	19.96	29.52	28.93
Bulgaria	29.52	28.93	24.75	19.96	29.52	28.93
Czech	29.52	28.93	24.75	19.96	29.52	28.93
Denmark	29.52	28.93	24.75	19.96	29.52	28.93
France	29.52	28.93	24.75	19.96	29.52	28.93
Germany	29.52	28.93	24.75	19.96	29.52	28.93
Greece	29.52	28.93	24.75	19.96	29.52	28.93
Ireland	29.52	28.93	24.75	19.96	29.52	28.93
Italy	29.52	28.93	24.75	19.96	29.52	28.93
Japan	29.52	28.93	24.75	19.96	29.52	28.93
Netherlands	29.52	28.93	24.75	19.96	29.52	28.93
Poland	29.52	28.93	24.75	19.96	29.52	28.93
Portugal	29.52	28.93	24.75	19.96	29.52	28.93
Spain	29.52	28.93	24.75	19.96	29.52	28.93
Sweden	29.52	28.93	24.75	19.96	29.52	28.93
Switzerland	29.52	28.93	24.75	19.96	29.52	28.93
Turkey	29.52	28.93	24.75	19.96	29.52	28.93
U.K.	29.52	28.93	24.75	19.96	29.52	28.93
U.S.	29.52	28.93	24.75	19.96	29.52	28.93

## Asia

	High	Low	High	Low
Algeria	29.52	28.93	24.75	19.96
Austria	29.52	28.93	24.75	19.96
Belgium	29.52	28.93	24.75	19.96
Bulgaria	29.52	28.93	24.75	19.96
Czech	29.52	28.93	24.75	19.96
Denmark	29.52	28.93	24.75	19.96
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## Latin America

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By Alan Tate

The new Hall of Fame  
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## ASIA/PACIFIC

## Japanese Candidates Sound Alike in Pledging to Be Different

## All 3 Reject the Incumbent's Economic Policy

TOKYO — A week after voters pushed Japan's prime minister for his economic policies, three candidates for his job vowed Sunday to cut taxes and to deal sternly with banks carrying bad loans.

The three candidates — the foreign minister, Keizo Obuchi; a former chief cabinet secretary, Seiroku Kajiyama; and the health minister, Junichiro Koizumi, who joined the race on Saturday — debated one another twice on national television.

All three said they would break with the economic program of the outgoing

prime minister, Ryutaro Hashimoto. His priority has been cutting the national budget deficit. All three candidates said that their priority would be stimulating the economy.

Apart from their differences with the incumbent prime minister, the three candidates expressed few differences among themselves.

All three said they would cut the top income tax rate. All three said they would finance that stimulus with bonds. All three promised to attack the trouble with Japan's banks: an estimated 87 trillion yen (\$623 billion) in problematic loans, because of which the banks have throttled lending.

The United States has been leading an international chorus calling for Japan to act pretty much as the candidates promised, to help pull the rest of Asia out of its morass and head off a global economic downturn.

Mr. Obuchi and Mr. Kajiyama both said they would try to get the economy growing at a robust rate of about 3 percent a year. Mr. Koizumi offered no growth target.

Mr. Kajiyama, 72, talked the toughest about forcing banks to disclose their bad loans and letting banks fail if necessary.

Mr. Koizumi, 56, remained the dark horse, promising to pay for his tax cuts by halving the number of bureaucrats and members of Parliament over the next 10 years.

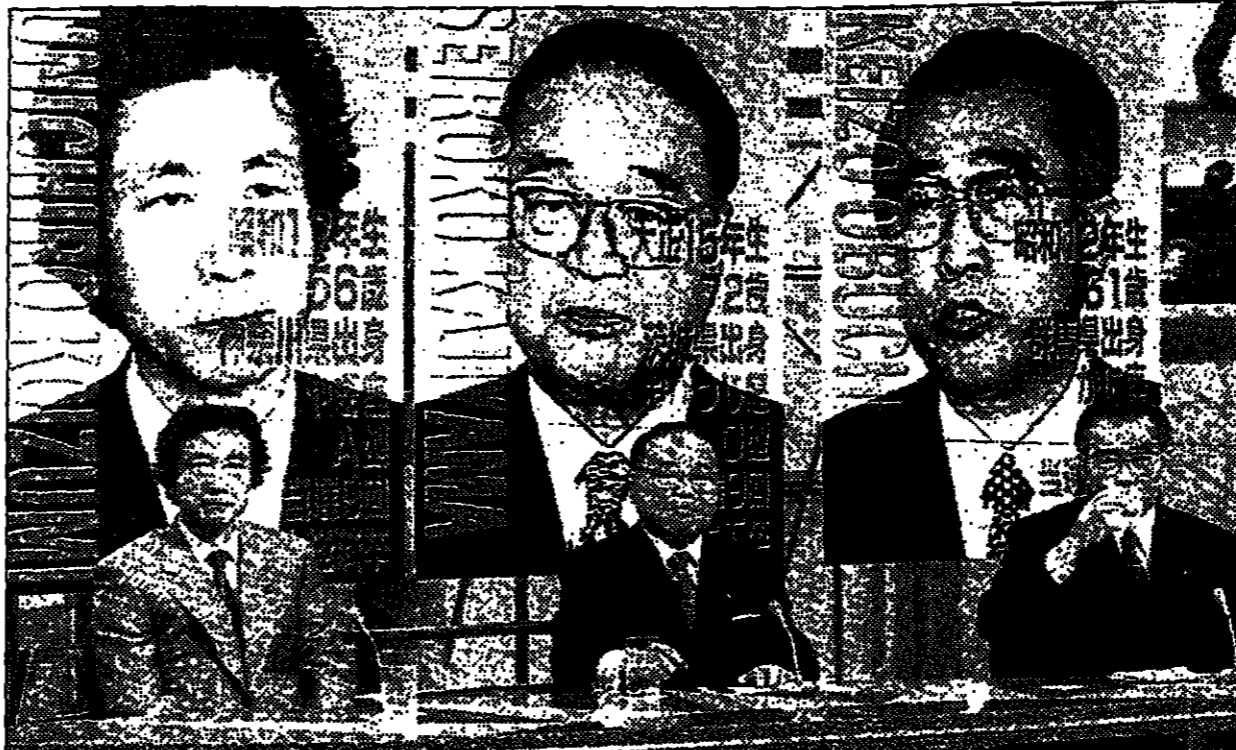
Mr. Obuchi, 61, reinforced the general impression that he is the most cautious of the three. On Friday he had offered the most concrete plan of the three for spurring the economy. But on Sunday he appeared more characteristically tentative.

"A couple of times Obuchi looked like a deer caught in the headlights," said John Neuffer, political analyst at Mitsui Marine Research Institute. "He doesn't seem to have the fluid public style that Kajiyama has."

A flash poll after the debate by TV Asahi showed the telegraphic Mr. Koizumi in the lead, with 173 votes, followed by Mr. Kajiyama with 125 and Mr. Obuchi trailing with 61.

The three men — and anyone else who wishes to be considered — must register their candidacies on Tuesday. On Friday, 366 members of the Liberal Democratic Party — its members of Parliament plus a representative from each of the country's 47 prefectures — vote in secret. If no candidate wins a majority, a second round determines the winner — and next prime minister.

The Lower House is expected to confirm the party's choice as prime minister at the end of the month.



Candidates for Japan's prime ministership debating in a television studio on Sunday. They are Health Minister Junichiro Koizumi, former Cabinet Secretary Seiroku Kajiyama and Foreign Minister Keizo Obuchi.

## Mahathir Attacks 'Negative' Reporting

## Malaysian Newspaper Shake-Ups Prompt Anxiety About Press Crackdown

By Thomas Fuller  
International Herald Tribune

KUALA LUMPUR — Following shake-ups at Malaysia's two highest-circulation newspapers, Prime Minister Mahathir bin Mohamad criticized the local media over the weekend for publishing "negative" and "baseless" reports.

Mr. Mahathir said negative reporting was "counterproductive to national development and the mental well-being of the people."

Ahmad Nazri Abdullah, group editor of Berita Harian, the country's highest-circulation newspaper, resigned Saturday and Johan Jaafar, editor of the second-largest circulation newspaper, Utusan Melayu, resigned Tuesday.

Mr. Mahathir denied Saturday that political pressure had played a role in their resignations, but reporters, editors and the head of Malaysia's largest opposition party disagreed.

Lim Kit Siang, head of the Demo-

cratic Action Party, suggested the editors had been forced to resign because they had tried to promote independent, investigative and critical journalism.

"The removal of the editors in chief," Mr. Lim said, "are further signs of possible crackdown against several newspapers in 1987 and arrested more than 100 people, including Mr. Lim."

But reporters and editors say they do not expect another crackdown of that magnitude anytime soon. The recent resignations, they said, have as much to do with political maneuverings as with the issue of press freedom.

Mr. Mahathir said over the weekend that Malaysian papers should not copy the reporting styles of their Western counterparts.

"In the West, news reports are written without any consideration of morality and the implications on society but only aim to make the writers and newspapers popular," Mr. Mahathir said.

pur's new international airport.

As a result, editors at local newspapers say they are more careful in deciding what they print these days. The last large-scale crackdown on the Malaysian press was in the late 1980s, also a time of slow economic growth. Mr. Mahathir's government shut several newspapers in 1987 and arrested more than 100 people, including Mr. Lim.

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## BRIEFLY

## Taleban Orders Aid Agencies Shut

KABUL — The Taleban on Sunday ordered foreign aid agencies to close down for defying instructions to move to a derelict college building with no water or power.

Qari Deen Mohammed, Taleban's planning minister, said the authorities had rejected appeals by the aid agencies to rethink the order and said they should pack up their belongings and leave.

The Taleban set Sunday as the deadline for 35 nongovernmental organizations with 100 foreign staff to agree to its order to move to the building. (Reuters)

## UN Envoy Meets East Timor Groups

BAUCAU, East Timor — James Mark, a United Nations envoy, who arrived here Sunday for talks on the future of troubled East Timor, said an end might be in sight to the bloody 23-year-long conflict. Mr. Mark was flown here by the Indonesian Air Force. Indonesia annexed East Timor in 1976, a year after invading it. He spent three hours talking with pro- and anti-independence groups.

He said more should be known after a meeting under UN auspices in New York on Aug. 4 and 5 between the foreign ministers of Portugal and Indonesia. (AFP)

## For the Record

China has evacuated 132,000 people stranded by swollen waters near the Three Gorges dam on the Yangtze River and warned local authorities to prepare for heavy flooding, officials and state media said Sunday. (Reuters)

Indian authorities in Maharashtra, of which Bombay is the capital, have prohibited the performance of a play about the independence leader Mohandas Gandhi, which lawmakers said showed him in a poor light, newspapers reported Sunday. (Reuters)

Khmer Rouge guerrillas made a bloody return to Cambodian politics by spraying a convoy of election workers with automatic weapons fire in Phnom Penh, killing two people. (AP)

## THE INTERMARKET

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## EUROPE

## A Role-Model Pension Plan

## U.S. Weighs Copying U.K.'s Partial Privatization

By Richard W. Stevenson  
New York Times Service

LONDON — Shelia Wellbelove, a retired secretary from just outside London, lives on about \$1,000 a month. That is enough, she said, to take vacations, pay for a car and generally live comfortably, especially since she paid off her mortgage. And it seems perfectly fair to her that most of the money comes from her own savings and investment, with Britain's public pension system kicking in less than half.

"If you're in a decent job," she said, "why don't you save for your own future?"

Along among the biggest industrialized nations, Britain has taken aggressive steps over the past two decades to shift responsibility for retirement income from government to individuals, a change very much in line with the market-oriented ideology of the Conservative governments that imposed it.

As a result, the financial burden of providing pensions to an aging population will decrease in Britain relative to the size of the economy. For governments in France, Germany, Japan and to a lesser extent the United States, it will increase sharply if their public pension systems are not changed.

Most European countries have hardly begun to grapple with this, one of the biggest long-term economic challenges facing them, and one of the most politically delicate, given their welfare-state traditions. By 2030, Britain's pension costs are projected to be 6.2 percent of gross domestic product, compared with 6.8 percent in the United States, 14.2 percent in Germany and 17.2 percent in France.

The United States is just now plunging into a debate about what can be done to prepare Social Security for the baby-boom generation's retirement. Britain's economy is much more similar to the United States than those of other countries often held up as examples of successful pension privatization, including Chile and Australia. So U.S. economists and lawmakers are looking to Britain for lessons.

Among the options being seriously considered in the United States is partly privatizing Social Security much in the way Britain has overhauled its system. The idea would be to allow individuals to use a portion of the payroll taxes that finance the system to set up private retirement accounts.

"The United Kingdom stands out by the absence of a significant financing problem in its public pension system," Barry Bosworth and Gary Butler, of the Brookings Institution in Washington wrote in a recent study of the economic challenges created by aging populations. "Through a series of legislative changes, it has already moved to scale back its public pension system, choosing to rely increasingly on a basically private system of providing retirement income."

Britain's public system is divided into two parts. The first is a basic state pension — currently about \$100 a week — that is paid to all retirees. The second part pays a benefit based on the retiree's earnings history.

Under the Conservative government of

Prime Minister Margaret Thatcher in the mid-1980s, workers were urged through tax breaks and educational campaigns to "opt out" of the system's earnings-based component and instead to invest a portion of their payroll taxes in a private investment account or a company-sponsored retirement plan.

Nearly three-quarters have done so.

The lure for people was the chance to amass more retirement savings than the government plan would provide by investing in stocks, bonds and lower-risk plans sold by insurance companies. The government also made the state benefit less attractive by reducing the annual cost-of-living increase.

For the government, the attraction was to address a fundamental problem shared by most big countries: The traditional "pay as you go" system, under which taxes levied on the current generation of workers pay for the state pension benefits of current retirees, will begin to buckle in coming decades as the baby boomers retire. At that point there will be proportionally fewer workers paying the taxes that finance the benefits.

Workers' taking responsibility for themselves will reduce the gap between the benefits due future generations and the money that governments will be able to raise through taxes on a shrinking work force.

In many ways the changes in Britain work just as intended. But they have also been criticized as moving the country closer to abandoning collective commitment to one of its most vulnerable populations.

Moreover, high-pressure sales of individual pension programs by insurance companies and other financial services firms in the early 1990s caused heavy losses for many people and cast a shadow over the entire process. Indeed, the British experience has raised warning flags for the United States about the perils of transforming guaranteed government pension programs into investment-oriented plans that force people to make their own financial judgments.

Britain's main regulators, the Pension Investment Authority and the Financial Services Authority, have reviewed hundreds of thousands of cases, estimating that the cost of bailing out the investors could top \$15 billion. Most of this would be picked up by the insurance companies that were the primary sellers of the plans.

"In my view it's gone way too far," said Mike Reddin of the London School of Economics. "I don't believe people realize that we've almost entirely privatized income maintenance in Britain."

"For individuals, it is a tradeoff between political and economic risk," said Roderick Nye, director of the Social Market Foundation, a conservative research organization in London. "Which do you trust more, politicians or markets? If you look at a country like Germany, the politicians are going to have to default on the promises they have made to provide a certain level of publicly financed pensions. Here, people are investing in the performance of the economy."



Kofi Annan, the UN secretary-general, applauding in Rome as the Italian foreign minister, Lamberto Dini, showed the treaty creating the new war crimes tribunal.

## War Crimes Court Limp In

## U.S. Won't Join, Weakening Power of the Tribunal

By Alessandra Stanley  
New York Times Service

ROME — Leaving the United States behind, more than 100 countries have agreed on the fundamentals for an international court to prosecute war criminals and tyrants.

The original goal, one of the most ambitious efforts to extend the rule of international law, was for a kind of global Nuremberg. The final document, cobbled together with compromises, was less than many had hoped for.

But it went much too far for the United States. And without Washington's blessing, the court's authority was considerably weakened at its creation.

"You cannot have a court of universal jurisdiction without the world's major military power on board," said Gam Strijds, a Dutch delegate. "I won't say we gave birth to a monster, but the baby has some defects."

The United States came to the five-week UN conference fearing that a court with broad jurisdiction and an overly independent prosecutor could someday haul U.S. soldiers before international judges on politically motivated charges. Many of the 160 countries agreed on concessions to meet U.S. objections, but at the end, they balked at going all the way.

After the conference decided late Friday

against allowing any last-minute amendments, the document was approved by consensus. When the United States asked the final group meeting to take a vote, 120 countries voted yes, 7 no and 21 abstained. The United States voted no, as did China and Israel.

While the Clinton administration had embraced and signed the document, the Senate would almost certainly not have ratified it because Senator Jesse Helms, Republican of North Carolina, is opposed.

At the conference, there were bitter disagreements about the scope and jurisdiction for three core crimes: genocide, crimes against humanity and war crimes.

A consensus agreed that countries that join the court must accept its jurisdiction over genocide and crimes against humanity.

But the top coordinating committee, chaired by Canada, included an "opt-out" provision for a third core category, allowing countries to reject the court's jurisdiction over war crimes for the first seven years of its existence. That brought France on board.

## BRIEFLY

## EU Warning on Nuclear Plants

GRAZ, Austria — Countries expected to be the next admitted to the European Union were told Sunday they must improve the safety of their nuclear plants.

Environmental ministers from the 10 states were told at a meeting here with their European Union counterparts that they must "attain a standard of nuclear safety corresponding to the very strict norms" within the Union.

The message was part of a general warning to the states — the Czech Republic, Poland, Hungary, Bulgaria, Slovakia, Slovenia, Estonia, Lithuania, Latvia and Cyprus — to meet all Union environmental standards.

The meeting followed a lengthy dispute between Austria, which currently holds the European Union presidency, and neighboring Slovakia over a Slovak nuclear power station operating 200 kilometers (125 miles) from the Austrian border. (AFP)

## 29 Mafiosi Sentenced to Life

CATANIA, Sicily — A Sicilian court on Saturday handed down 29 life sentences to members of the Mafia for their roles in 10 murders.

The convictions brought to 47 the life sentences handed down to mafiosi here in the past four days.

On Wednesday a court sentenced 18 bosses to life in prison for their part in the killing of a member of the European Parliament, Salvo Lima, who was shot near Palermo in 1992.

The 18 included a number of bosses already in jail, among them a former "boss of all bosses," Salvatore "Totò" Riina. (Reuters)

## Hungary Gets New Synagogue

BUDAPEST — Hundreds of children wearing Star of David T-shirts witnessed the consecration on Sunday of the first new synagogue to be built in Hungary since the Holocaust.

The synagogue is part of a new community center in an international Jewish youth summer camp in Szarvas, 200 kilometers (125 miles) southwest of Budapest. The summer camp is the only such institution in East-Central Europe.

"A camp in this region presents an unprecedented opportunity to awaken countless young people, long denied access to their heritage, to the joy of Judaism," said Ronald Lauder, the American cosmetics heir, who founded the camp. (AP)

## Poles Redraw Provincial Lines

WARSAW — The lower house of Poland's Parliament approved a compromise plan over the weekend to revamp the Communist-era provincial system and conform with European Union practice by dividing the country into 16 provinces.

The new system was described as facilitating the devolution of tax money and power to local governments.

The vote followed months of wrangling within the governing coalition, in which Solidarity is the largest party, and a political tug-of-war with the ex-Communist opposition.

The government originally wanted to create 12 large, economically viable regions to replace the 49 tiny provinces created by the Communists in 1975. (Reuters)

## Martin Seymour-Smith, 70, Critic, Dies

The Associated Press

LONDON — Martin Seymour-Smith, 70, literary critic, editor, biographer and poet, died July 1 in Bexhill-on-Sea, England, of a heart attack, a family friend said.

Mr. Seymour-Smith produced more than 40 books, including an annotated compilation of Shakespeare's sonnets in the original spelling, and biographies of Thomas Hardy, Rudyard Kipling and Robert Graves.

But he was probably best known for his "Guide to Modern World Literature," published in 1973, and revised and expanded in 1986 as "The Macmillan Guide to Modern World Literature," a comprehensive study of 20th century poetry, drama and fiction. His "Who's Who in 20th Century Literature," published in 1978, is a series of pithy analyses of great writers.

Mr. Seymour-Smith graduated from Oxford University, then went into teaching. At one stage, he tutored

Robert Graves's children on the island of Majorca and his enduring friendship with the poet informed his 1962 biography, "Robert Graves: His Life and Work." His biography of Kipling caused controversy by suggesting the writer was a homosexual.

Mr. Seymour-Smith produced six collections of poetry, the most celebrated of which was "Reminiscences of Norma," works that explore the excitement and pain of sexual love.

Roger Quilliot, 73, Specialist on Camus.

PARIS (AP) — Roger Quilliot, 73, a former French government minister and specialist in the writings of Albert Camus, committed suicide Friday in Clermont-Ferrand, France, where he had served as mayor for more than 20 years.

Mr. Quilliot edited the complete works of Camus in the Pléiade edition. President Francois Mitterrand appoint-

ed him minister of urban affairs in 1981.

Henry Leir, 98, Trader And Philanthropist

NEW YORK (AP) — Henry Leir, 98, a leading commodities trader and philanthropist who fled Nazi Germany and founded a ma-

jeor international trading business in the United States, died Wednesday.

After selling his company Continental Ore Corp. for \$40 million in 1968, Mr. Leir gave money to universities, hospitals and causes for underprivileged children and Jewish institutions.

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## Turks Threaten Peace, Nicosia Says

The Associated Press

NICOSIA — The Greek Cypriot government accused Turkey on Sunday of "threatening peace" by sending six warships and an aircraft carrier to the Turkish-occupied north of the island.

The six and naval units were dispatched to participate in weeklong Turkish Cypriot celebrations beginning Monday to mark the 24th anniversary of Turkey's invasion of the island.

The Turks invaded with the explanation that they had to protect the Turkish Cypriot minority after an abortive coup by Greek Cypriot supporters of union with Greece.

A breakaway Turkish Cypriot state established in the north is recognized only by Ankara, which maintains 35,000 troops there.

The Greek Cypriot defense minister, Yiannakis Omirou, criticized the arrival of the Turkish warplanes and ships, saying:

"The international community must realize after this latest Turkish display who is threatening peace and who is the troublemaker in the region."

The anniversary is getting

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THE INTERMARKET  
Starts  
on Page 4

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The required positions are to staff the newly created broadcasting service to Iran. These will be one-year contracts with the possibility to extend. Most positions will be located in Prague and the Czech Republic, with correspondents in major Western and Middle Eastern capitals. Also sought are stringers in various locations.

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## INTERNATIONAL

## Some Secret! Mandela and Machel Marry

But Rites for South African President and Mozambican Ex-First Lady Are Private

By Lynne Duke  
Washington Post Service

JOHANNESBURG — President Nelson Mandela let South Africa's worst-kept secret out of the bag this weekend when he married his longtime companion, the former Mozambican first lady, Graca Machel.

Mr. Mandela and Mrs. Machel, 52, took their vows on Mr. Mandela's 80th birthday in a private, multidimensional ceremony at his presidential home in the affluent Johannesburg suburb of Houghton.

Before a small group of friends and senior politicians, a Methodist archbishop, Mvume Dandala, performed the ceremony, assisted by the retired Anglican archbishop and Nobel Peace laureate Desmond Tutu. Archbishop Tutu, the 1984 laureate, had publicly pressured Mr. Mandela to marry Mrs. Machel to set a moral example for the nation.

The ceremony, well-wishers from the surrounding community filled the usually quiet treelined street with traditional songs of praise. The marriage Saturday follows a week of rampant speculation that a wedding would take place. Despite leaks about the pending nuptials, officials in Mr. Mandela's office repeatedly misled the media with emphatic denials. On Saturday afternoon, Deputy President Thabo Mbeki ended the ruse when he left the Houghton home and held a news conference in Pretoria, 40 kilometers (25 miles) away, to announce the marriage.

"President Nelson Mandela and Graca Machel got married this afternoon," he said. "They ex-

changed rings. When asked to kiss, they kissed, and the president said it was the first time he had kissed her."

Mr. Mandela, South Africa's first democratically elected president and a recipient of the Nobel Peace Prize in 1993 for his role in steering the country's transition from white minority rule, will spend his political retirement and twilight years with the woman who has become a prominent fixture in his public and private life.

He is to step down after just one term following elections tentatively set for May. Last December, he handed over the reins of the governing party, the African National Congress, to Mr. Mbeki, who now is predicted to succeed him also as president.

This marriage is Mr. Mandela's third and Mrs. Machel's second. The two have been openly involved since shortly after the president's divorce from Winnie Madikizela-Mandela in 1996.

As the two most prominent figures of the anti-apartheid struggle, they had been married for 38 years. But for 27 of those years, Mr. Mandela was a political prisoner. Upon his release in 1990, their marriage hit rocky terrain. They separated in 1992.

During the historic 1994 election campaign, however, the Mandelas' iconic status was clearly on display as, separately, they carried the call of black freedom through electoral democracy. But the rift between them became final when, at their divorce proceedings, Mr. Mandela said in court that he had been the "loneliest man" during the difficult days of reunion with Mrs. Madikizela-Mandela.

Mrs. Machel is the widow of the Mozambican president, Samora Machel. A staunch ally of Mr.

Mandela's ANC and thus a foe of South Africa's old apartheid government, Samora Machel died in a 1986 plane crash that remains under investigation here because of suspicions that apartheid-era officials were responsible.

Because she is Mozambican, Graca Machel has not been universally accepted in South Africa as a suitable presidential companion.

Also, there remains for many here deep regret that the two famous Mandelas could not iron out their marital problems. But because Nelson Mandela is so widely revered in this socially conservative country, many felt his happiness was contingent on having a wife.

"I like Winnie because she waited a long time for him to come out" of prison, said Mary Kekana, 35, one of hundreds of Houghton residents who sang outside Mr. Mandela's home. "But if he is happy, it's all right."

Although 28 years Mr. Mandela's junior, Mrs. Machel shares several attributes with him. Like him, she holds a law degree. And she is a revered public figure in Mozambique who, like him, has focused special attention on child development.

She also has high credibility in southern Africa for being part of its many liberation struggles against colonialism. Mozambique won independence from Portugal in 1975, and Mrs. Machel was education minister for 11 years until 1986.

Mr. Mandela and Mrs. Machel, who will not change her name, have lived apart during the past two years and will continue to do so, Mr. Mbeki said, because of their duties. She is an academic, attorney and advocate for children's rights.



Nelson Mandela and Graca Machel after their small and private wedding ceremony.

## BRIEFLY

## 11 Killed in Attack By Algerian Rebels

ALGIERS — Muslim rebels cut the throats of 11 people in a village south of Algiers, government forces said Sunday. The massacre at Retbia village in Medea province, 70 kilometers (45 miles) south of the capital late Saturday came just four days after at least 13 villagers died in a similar massacre.

In another attack, Muslim rebels, throwing grenades and firing automatic assault rifles, killed at least 15 soldiers and wounded 20 others when they stormed a military barracks Friday in the western region of Chlef, the pro-government daily Al Aci said Sunday.

Al Aci said the attackers were members of a brigade of the Armed Islamic Group, Algeria's most radical guerrilla faction.

Al Aci also reported that two children, who were wounded in a bomb explosion on a beach in Algiers, died from injuries at a hospital. The children were among at least 15 civilians wounded in four bombings Friday in Algiers and a neighboring province, according to newspapers and official reports.

Meanwhile, security forces discovered two mass graves in Algeria's Baine Forest this week. El Khabar daily said. One grave contained 31 corpses of suspected Muslim rebels and the other the corpses of six girls abducted by rebels, it said. (Reuters)

## HABIBIE: Knocking on the U.S. Door

Continued from Page 1

energetic Mr. Habibie, a former aeronautical engineer, still seemed surprised, even a bit awed, by his rapid and unexpected ascent to the presidency of the world's fourth-most-populous nation.

He was thrust into office on May 21 after massive student protests and rioting in Jakarta, the capital, forced the authoritarian leader, Suharto, to step down after 32 years in power.

Mr. Habibie said that after two decades in Mr. Suharto's cabinet, he had been thinking of retiring from government and writing books, until he was named vice president in March and Mr. Suharto's replacement just two months later.

"Man plans, but God decides," Mr.

Habibie said. He admitted to being woefully unprepared for the job he inherited, still needing to reread the Constitution to learn the extent of his power and beset by a raft of debilitating problems, including an economy on the verge of hyperinflation and divisions in the armed forces.

"In my first 10 days, I slept every day only two hours, because I was not prepared for this," he said.

Mr. Habibie has not said that he is running for president. But in the interview Saturday, he left little doubt.

"I leave it first to God, because I have to be healthy, and second to the people's power, whether they want me to run the country or not," he said.

He would clearly like to use an official visit to Washington to enhance his credentials as president and statesman. His message for Mr. Clinton, he said, was to help him realize "my dream," which was "to thank him in person and thank the people of the United States in person."

U.S. officials said no White House visit was being planned. But one possibility is that Mr. Habibie could attend the UN General Assembly session in New York this fall and then request meetings with Mr. Clinton and other officials.

Mr. Habibie spoke at length about Indonesia's Chinese community, which many economic analysts have said is the key to any economic recovery. Inflation may top 80 percent this year, approximately matching the rupiah's decline in value in a year. More than 80 million Indonesians are living in poverty, compared with about 22 million a year ago.

Although they make up only 3 percent of Indonesia's population of more than 200 million, the ethnic Chinese form the backbone of the economy. Since the May riots, in which ethnic Chinese neighborhoods and businesses were targeted for looting, thousands of Chinese have taken refuge outside the country, mostly in Singapore and Australia.

But Mr. Habibie seemed ambivalent about the need for the Chinese to return. "If the Chinese community doesn't come back because they don't trust their own country and society, I cannot force, nobody can force them," he said. "But do you really think that we will then die?" he asked, chuckling. "Their place will be taken over by others."

## KOSOVO: Fighting Over Town

Continued from Page 1

area in tractors and trucks as Yugoslav security forces and the KLA deployed snipers and heavy weapons throughout the wooded hills to battle for a third consecutive day.

An ethnic Albanian guerrilla leader said earlier that he was using heavy weapons, including rocket launchers and vehicle-mounted machine guns, to step up the nature of the fighting around Oranovac.

"These steps were taken to change the quality of the war from the countryside to urban areas," the local KLA commander said in an interview with Associated Press Television. "This is the beginning of this type of war which will end up in Pristina."

Reporters with the guerrillas could see anti-aircraft guns, heavy machine guns and smaller arms.

Ethnic Albanians, who outnumber Serbs 9-to-1 in Kosovo, are demanding independence from Serbia, which makes up the bulk of present-day Yugoslavia.

In Bonn, meanwhile, representatives of the KLA announced Sunday that the group's goal was to create an independent state made up of the Albanian lands of Kosovo, Macedonia and Montenegro.

A KLA spokesman, Jakup Krasniqi, told the German television station Sat. 1 that the group aimed to "reunite" the three regions.

Macedonia is a former republic of Yugoslavia that declared independence in 1992. Montenegro, along with Serbia, makes up what remains of the former Yugoslavia.

Kosovo, Montenegro and Macedonia all have ethnic Albanian communities. Taken together, they border the northern and eastern flanks of Albania.

Mr. Krasniqi said the KLA was formulating its political aims, which would be published soon in a declaration of the organization's principles. The favored option of many Western leaders — autonomy for Kosovo, but without full independence — is not an acceptable compromise, he said.

In a statement published Saturday the KLA refused to recognize the authority of a Kosovo Albanian parliament elected in an unofficial vote, or of its moderate leader, Ibrahim Rugova.

The KLA wants a national council comprising all groups involved in Kosovo's struggle for independence from Belgrade, including those that did not take part in March 22 elections to create the parliament. (AP/APP)

## SMOKE: Ruling on Secondhand Tobacco Could Imperil Bans

Continued from Page 1

While all credible scientific authorities say that cigarette smoking causes cancer, secondhand smoke involves such a low concentration of carcinogens that a strong cancer connection is hard to establish.

Reports continue to emerge with findings that both support and undercut the agency's thesis.

Judge Osteen ruled that the EPA had wrongly used provisions of the 1986 Radon Gas and Indoor Air Quality Research Act in determining that secondhand smoke is hazardous. That act required a broad-based panel to be

convened for such findings, including representatives of affected industries, but the judge ruled that the agency had excluded industry voices.

From the time the report was issued, even scientists not affiliated with the industry criticized the agency for using too low a standard for what constitutes causation rather than chance.

Judge Osteen agreed that the agency's science was lacking. He said the agency did not demonstrate a significant association between secondhand smoke and lung cancer.

"EPA publicly committed to a conclusion before research had begun; excluded industry by violating the act's



Members of a family sitting outside their shanty in Jakarta on Sunday. More than 80 million Indonesians, or 40 percent of the country's population, are living in poverty, compared with about 22 million a year ago.

## NIGERIA: Anger Shatters Tribal Traditions After Abiola's Death as Palaces Are Burned

Continued from Page 1

birthright to rule over everyone."

Mr. Aroyeun was referring to the northern Hausa and Fulani tribes, which have tended to dominate the country's successive military governments. It was a northern general, Ibrahim Babangida, who canceled the 1993 election, and another, the late Sani Abacha, who imprisoned Mr. Abiola in 1994.

The Hausa and Fulani are Muslims; yet the many mosques that dot the landscape of Abeokuta were untouched by the rioting that engulfed the king's palace. Near the governor's mansion, a mosque and church stand side by side.

Nigeria's divisions, as it approaches a promised democratic transition that will give each region its voice, are predominantly ethnic and tribal. But, as this

southwestern town makes clear, they are not religious as such.

Indeed, Mr. Aroyeun, who heads a Christian school where church services are held every morning, is a Muslim. He goes to morning chapel and even preaches to the students but said he had never considered converting from Islam. After he gets home from work, he goes to the mosque.

As he explained these seeming contradictions, Mr. Aroyeun's smile conveyed the certainty that the apparently complicated is in fact simple, so long as faith is strong and humility constant.

"I was chosen for this job because I respect the school's values," he said. "Humility, learning, obedience, respect for elders and hard work. It is because I know the school's traditions that I can preach to the boys. Here, we have a

relaxed attitude to religion. When my daughter said she wanted to marry a Christian, I voiced no objection at all."

At another school, the Patterson Baptist Memorial School, named after an American missionary, Ira Patterson, a 14-year-old born into a Muslim family explained that he had just converted to Christianity. "When I told my father that I wanted to become a Christian," Adeniran Adededeji said, "he just said, 'God Bless you.'"

Such religious tolerance is typical of the Yoruba, who move easily between religious labels that have less solemn meaning than the allegiances of blood, tribe and town. Mr. Abiola also attended chapel every morning and continued to sing Christian hymns while remaining a Muslim.

"Here, nearly every home is part

Muslim, part Christian, part pagan," said Onalapo Soleye, a former finance minister and a resident of Abeokuta. "What distinguishes us from the north is not our religion but the way we interpret it. In the north, Islam is a very serious business."

The former minister, like many other residents, expressed dismay that this tolerance had been accompanied recently by such violence against the traditional heads of society, the kings and chiefs respected and honored with a constancy not evident in the shifting Yoruba religious allegiances.

The palace of the king was a sanctuary, traditionally a place where, for example, a wounded wife could take refuge until her husband came to his senses. It was, said Toye Coker, "the last stop."

Theories abound as to why it was attacked. One is that the 84-year-old king, who rules over a group of Yoruba known as the Egba and is referred to locally as the Alake of Egaland, had not called stridently enough for Mr. Abiola's release. The king, Oyeade Lipede, was in London for medical treatment when his palace was attacked.

Another is that a lesser chief, Adedapo Tejuoso, whose palace was also ransacked, had traveled too often to the capital, Abuja, and met with General Abacha.

But perhaps, some suggest, the answer is simpler. Teachers at the Baptist Boys High School make \$4 a month. The principal makes \$100.

The Patterson School library has shelves but no books, because it cannot afford them. The chapel ceiling is collapsing.

A large number of people are unemployed and spend the day hawking bits and pieces at the side of roads potholed badly enough to swallow small cars. Poverty, like Nigerian misrule, has reached an extreme state.

The palaces were known to contain objects of value. King Tejuoso's is built around a bank. It was broken into by assailants who failed to unlock the safe but destroyed everything. Behind the despair and anger at the death of Mr. Abiola, there was evidently also the desperation of the poor for whom he had often been a benefactor.

And it is the combination of poverty, ethnic resentment and the breakdown of social order, so evident in Abeokuta, that appears to present Nigeria's 105 million people with their greatest challenge in any transition to democracy without him.

## Ruler's Broadcast

Nigeria's military ruler, General Abdulsalam Abacha, will announce his plans Monday to restore democracy in a national broadcast, a local newspaper said on Sunday, Reuters reported from Lagos.

"The head of state will broadcast to the nation on Monday," according to the Guardian, an independent newspaper. "So let all Nigerians remain calm and be law-abiding." There was no official comment on the report.

## Vigilante Attack Kills Belfast Man

Agence France-Presse

BELFAST — A man died Sunday in a paramilitary vigilante attack here after five men dragged him from his home into the street and shot him in both knees, police said.

The attackers tore out the telephone connection before leaving the man's apartment, where he lived with his wife and 2-week-old daughter, forcing his wife to run to a nearby apartment to call for an ambulance.

The police could not give the exact cause of death, but said the man, whom they would not identify, was dead by the time he arrived at a hospital, probably from loss of blood. He was believed to be in his 30s.

Outlawed paramilitary groups on both sides of the sectarian divide in Northern Ireland have traditionally dispensed a form of "justice" within their own communities, targeting alleged drug dealers or petty criminals.

This type of punishment usually involves shooting the victim in both knees or ankles, or in certain cases, murder.

The incident, early Sunday morning, followed a growing number of such attacks since the April 10 Northern Ireland peace agreement.

only way they can dissociate themselves is to leave the hill at Drumree Parish Church and return home," he said. Thousands of Orangemen abandoned the site, which the order had vowed to occupy "as long as it takes." Among hard-line Portadown Orangemen, there is anger, panic and shock.

Fred Barbash covered Northern Ireland as The Washington Post's London correspondent from 1994 through 1997.

## EDITORIALS/OPINION

## Herald INTERNATIONAL Tribune

PUBLISHED WITH THE NEW YORK TIMES AND THE WASHINGTON POST

## Transforming Ulster

When a television interviewer asked Chrissie Quinn if she thought the firebombing that killed three of her sons in Northern Ireland would change anything there, her answer was "no." Her pessimism is understandable but unwarranted. The death of her sons, for which seven Protestants have so far been arrested, may help transform Northern Ireland, and for the better. The reason is not just that the public is horrified. It is also that the peace process is working, giving the region and its leaders an alternative to violence.

The July 12 firebombing came during the tense season of Protestant marches, some of which go through neighborhoods now heavily Catholic. Britain's new parades commission, made up of Protestants and Catholics, barred the Orange Order from taking its July 5 Portadown march through a Catholic area, the scene of clashes in the past. When the police blocked the road, the Order refused to retreat, and young Protestant militants attacked the police. After the Order's eviction, police found weapons caches. Last year a similar ban ignited five days of Protestant riots. Protestant political leaders supported the Orange Order, and the British gave in, which touched off two days of Catholic rioting.

This year the ban and bombing could have sparked a similar wildfire. They

did not because important parties saw political advantage in calming emotions rather than in inflaming them. The British government, relying on the endorsement of Protestants, gave the peace process in the May referendum, defied the extremists — and broke a long-standing myth of the power of the Orange Order. The Irish Republican Army, given strong Catholic support for the peace agreement, chose restraint. The police responded prudently where in the past they had used excessive force.

Most important, the Protestant leadership started to unravel its ties to the radicals. In 1995 David Trimble won the leadership of Northern Ireland's largest party after marching defiantly in the Orange Order parade, which he led the next year. This year, Mr. Trimble, the new first minister of Northern Ireland, traveled around Portadown with his deputy, Seamus Mallon, a Catholic. After the bombing, Mr. Trimble called for the group to go home, and a rally supporting the Order fizzled.

If the death of the Quinn children becomes a turning point for the political culture of Northern Ireland, it will be because the peace effort gave the region an alternative to violence. It is chilling to imagine what would have happened in the wake of the three boys' deaths had it not been there.

—THE NEW YORK TIMES.

## Starr's Judgment

U.S. Chief Justice William Rehnquist has rejected the administration's request to block further grand jury testimony by Secret Service agents pending Supreme Court review of the issue. Following the ruling, independent counsel Kenneth Starr summoned the first agents to the grand jury.

Justice Rehnquist's move was hardly a surprise given the unanimity in the lower courts that the Secret Service's fears were overblown and its claims of privilege therefore unavailing. First, a district court judge rejected the claimed privilege. Then, a three-judge appeals panel affirmed that ruling, noting: "We do not think... that the Secret Service has shown with the compelling clarity required by [the law] that failure to recognize the proposed privilege will jeopardize the ability of the Secret Service effectively to protect the president."

On Thursday the full appeals court refused to revisit that and specifically mentioned that "no judge on the court has even requested a vote" on whether to rehear the matter. The court also wrote that "the Justice Department's likelihood of success before the Supreme Court is insufficient to warrant further delay in the grand jury's investigation."

Then, to top it off, the chief justice agreed, declining to extend the stay on testimony by the agents and mentioning, as well, that the opinion of the Court of Appeals seemed to him "cogent and correct." In all, 11 judges up and down the federal ladder have considered either the Secret Service's privilege claim or its request for delays while the larger matter gets sorted out. Not one of these judges has either held the privilege legitimate or found the danger to the life

of a president sufficiently real to warrant further delaying Mr. Starr's probe. It remains to be seen whether the full Supreme Court will consider the merits of the lower court holdings. But this question affects only the three Secret Service officials whose testimony Mr. Starr first sought and with whom the appeals court's decision directly dealt. In the meantime, Mr. Starr can talk to the other agents he subpoenaed after that decision came down.

That Mr. Starr is right on the law on the question of Secret Service testimony is — if these various opinions mean anything — hardly still a matter of doubt. That this makes him right as a prudential matter is far less clear. In fact, his subpoenas to these agents will stand as one of the lasting tests of his judgment. Eventually, after all, the public will learn the basis on which he issued these subpoenas and pursued them in defiance of the strong policy arguments for respecting the confidentiality between agents and their protective charges.

When that happens, we will know whether each subpoena was sent with an adequate basis; we will know whether the agents' testimony really was essential to Mr. Starr's investigation and whether that information really was unavailable elsewhere. If each subpoena conforms to this standard, Mr. Starr's position in this litigation will be vindicated not merely in a legal sense but also as a responsible exercise of his discretion. If, by contrast, these subpoenas then look like the fishing expedition some now suspect them to be, the fact of Mr. Starr's being legally in the right will make this episode only mildly less reckless.

—THE WASHINGTON POST.

## Unite Against the Bug

Millennial scenarios continue to fly among those who think the advent of the year 2000 and its computer programming "bug" will bring mechanical meltdown, social chaos and global recession. Those who take a more moderate view, but nonetheless concerned about the problem — such as Senator Robert Bennett, Representatives Steven Horn and Constance Morella and the administration point man John Koskinen — have sought to draw attention to the problem without sparking outright panic.

What has been missing, all these players agree, is the kind of focused urgency that can come only from emphatic calls to action from CEOs or other people at the top of departments, businesses or other management pyramids — people who not only can urge other managers to plan for the big deadline but also can decide what needs doing and make it happen.

The top man in the federal government's own pyramid, President Bill Clinton, finally stepped up to that obligation last week when he told a business audience at the National Academy of Sciences that the Year 2000 bug is

"a complex test that requires us all to work together — every government agency, every hospital, every university, every business, large and small."

The president urged several specific steps that others have recommended as well: a "Good Samaritan" bill that would shield companies from liability if they pool information with other businesses on how they have met the programming challenge so far — something many have been hesitant to do because of wildly inflated fears of legal windfalls in 2000 if systems fail — and a Labor Department clearinghouse to pull more former program managers out of retirement and put them to work on the miles of antiquated code remaining to be debugged.

Mr. Bennett told a National Press Club audience last week that partisanship should not cause any waste of time in the "76 weeks" we have left. That is a reasonable stance if government and business are to buckle down to one of the few deadlines in Washington history that cannot be put off by executive order or continuing resolution.

—THE WASHINGTON POST.

## You Can't Leave Home Again: Life With the Net

By Thomas L. Friedman

WASHINGTON — So I was talking on the phone to my mother out in Minnesota the other day, and she sounded upset. "What's wrong, Mom?" I asked.

"Well," she said, "I've been playing bridge on the Internet with three Frenchmen and they keep speaking French to each other and I can't understand them." When I chuckled at the thought of my card-shark mother playing bridge with three Frenchmen on the Net, she took a little umbrage. "Don't laugh," she said. "I was playing bridge with someone in Siberia the other day."

There are those who argue that the Internet and globalization are overrated, and there are those who argue that they are underrated. I think Bill Gates has this one right: In the short run they are probably overrated, but in the long run their impact on our lives and nations is vastly understated. Herewith a few random conversations from a recent trip to Italy, Albania, India, Jordan and Israel.

At a conference in Italy, I ran into John Wall, president of Nasdaq International, the stock exchange. He tells me 20 percent of all Nasdaq's business now comes from people sitting at home and trading stocks and bonds via the Internet through small brokerage Web sites.

"And Merrill Lynch and the other big boys aren't even in this business yet," says Mr. Wall. "Once they get into it, we anticipate that 70 percent of our trades will be over the Internet."

To better empower Internet investors, Nasdaq has created a Web site where you can get the latest Securities and Exchange Commission filing of any Nasdaq-listed company, its latest quarterly earnings report or the consensus opinion about its stock from top Wall Street analysts. This will empower individual investors, as never before, to sit at home and move their money around, rewarding solidly performing companies and countries and punishing the weak — with the click of a mouse.

John Burns, the New York Times New Delhi bureau chief, tells me a delightful story about his 70-year-old Indian cook. Although John has four satellite dishes on his rooftop ("I'm practically running an uplink station," he says), he still could not get the World Cup matches from Indian TV. When he was complaining about this over breakfast, his cook invited John to come over to his house next door.

When they entered, John found the cook's illiterate wife watching the BBC. "I said, 'What's she doing?' She doesn't even speak English." The cook answered: "She's learning." The cook explained that a friend of his had started a "private" cable system and strung cable into his house along the local telephone poles — for \$3.75 a month.

"Then he hands me the television remote," says John, "and with increasing astonishment I start at channel 1 and click all the way to channel 27. He had television stations from China, Pakistan, Australia, Italy, France. With all my satellite dishes, I had only 14 channels."

In having a chat in Amman with Jordan's top newspaper columnist, Rami Khouri, I ask him what's the talk of Amman, and he says, "Amman was just added to CNN's worldwide weather highlights." This means Amman is now important enough for tourists and business executives to need to know its weather.

In Milan I meet Jules Kroll, who heads a leading global corporate investigative firm. He tells me his team has just cracked the case of a 14-year-

old from Sweden who was using the Internet to threaten to blow up a company in San Francisco whose products the youth objected to. The company thought it was an idle threat until the youth said he would bring down part of the company's computer system — and did.

I am interviewing I.K. Gujral, India's 78-year-old former prime minister, about how globalization is affecting his country's culture.

"My granddaughter is 4," he says. "She is always talking about bubble gum, not Indian food, or she says, 'I don't like Pepsi, I like Coke.' She even speaks English more often than Hindi. I asked her one day why she doesn't speak to me in Hindi, and then she went to her mother and asked: 'Doesn't grandfather speak English?' The other day my granddaughter said she wanted pizza. So her grandmother said that she would make her a pizza. My granddaughter said, 'No, no, I want Pizza Hut.'"

Thomas Wolfe said you can't go home again. He was wrong. In the era of the Internet and globalization, in the era of cultural homogenization and universal connectivity, you won't be able to leave home again.

The New York Times.

## Next to Subcontinent Face-Off, the Cold War Looks Safe

By Ramesh Thakur

TOKYO — U.S. Deputy Secretary of State Strobe Talbott will resume talks in New Delhi Monday with Jaswant Singh, the Indian government's point man in defending its nuclear tests to the world.

Their meeting comes amid signs of increasing realism in Washington about the rationale behind the tests, and about the limits of international sanctions as an instrument for effecting a policy change in New Delhi.

In turn, two months after their tit-for-tat nuclear weapons tests, it is dawn on many Indians and Pakistanis that their net security has been degraded, their economy damaged and their status diminished.

Mr. Talbott would do well to impress upon his Subcontinental hosts just how dangerous the nuclear relationship between India and Pakistan is compared with that between the Soviet Union and the United States in the Cold War.

Cold War deterrence was itself more unstable than realized at the time.

In the 1962 Cuban missile crisis, for example, the U.S. strategy was based on the best available intelligence, which indicated that there were no nuclear warheads in Cuba. In fact there were more than 100 warheads already stationed there, and the local Soviet commander had taken them out of storage to deployed positions for use against an American invasion.

The thought of India-Pakistan relations being as stable as Cold War deterrence is not very reassuring. The geopolitical environment of the Subcontinent has no parallel in the Cold War. India and Pakistan share a long border; the United States and the Soviet Union did not. This dramatically shortens the time frame either country would have to decide,

during a crisis or war, whether to use nuclear weapons.

The entire province of Kashmir, the source of two of the three wars India and Pakistan have fought since their independence from Britain in 1947, remains in bitter contention, whereas the United States and the Soviet Union had no direct territorial dispute.

Contiguity permits India and Pakistan to meddle in each other's territory on a scale that was never an option for the United States and the Soviet Union during the Cold War.

India also shares a long border with nuclear-armed China; it too, is disputed. This introduces a third element of territorial tension into the strategic equation, which was never the case in the Cold War.

The stability of Cold War deterrence rested on credible second-strike retaliatory capability. Stockpiles, command and control centers and the military-political leadership were protected against a surprise attack that could destroy all of them in one strike. Neither India nor Pakistan has even the most rudimentary basing, command and control systems in place that could survive a nuclear assault. Such an infrastructure could take one or two years to develop and install.

Moscow and Washington spread their stockpiles across land (on missiles), sea (on submarines) and air (on planes). This three-pronged dispersal added to detection and strike difficulties for an enemy and so buttressed second-strike capability. India and Pakistan lack this stabilizing triad of weapons platforms.

Because of the lack of survivable forces and command centers, both nations are highly

vulnerable to a preemptive strike. But there is an inherent asymmetry in the way each calculates risks.

Pakistan cannot match India's conventional superiority. However, a successful first strike could destroy India's nuclear capability and paralyze its conventional superiority, thereby allowing Pakistan to avenge its defeat in the 1971 war over Bangladesh and wrest Kashmir from India — or so a government in Islamabad might conclude.

Conversely, a government in New Delhi might conclude that since reciprocal nuclear capability rules out their actual use

by either country, it is safe to launch a military strike against Pakistan in punishment for its provocations in Kashmir. There is nothing in the history of the U.S.-Soviet relationship to indicate the eventual outcome of such an adventure.

Finally, all these worries are exacerbated by political volatility in both countries. The government of Pakistan faces economic meltdown and political challenges from Islamist groups and the military.

The government of India is an uneasy coalition of an intensely nationalist party that bases its legitimacy in religion and mythology, and a number of disparate parties that pursue different, and sometimes in-

compatible, regional agendas.

In the 51st year of India's independence, the governing Hindu nationalist party — heir to the fanatic movement that spawned Mahatma Gandhi's assassin — has betrayed the apostle of nonviolence by coveting the most horrific weapon of mass violence. And this when India has the highest number of poor and illiterate in the world.

No food, no clothing, no shelter? Don't worry, we have the bomb.

The writer is a vice rector at the United Nations University in Tokyo. He contributed this comment to the International Herald Tribune.

## Prudence Wanting in India and Pakistan

DURING the earlier years when the Cold War was new and potentially most dangerous, leaders on both sides had just had the supreme education of waging a world war — and on the same side. All this meant that leaders could act prudently in crises without being driven out of office by mobs or insurgent generals.

For that matter they could act boldly, as President John F. Kennedy did during the Cuban missile crisis, without being forced to desist by a terrorized public.

In contrast, the leaders of India's Bharatiya Janata Party — Prime Minister Atal Behari Vajpayee and Home Minister L.K. Advani, as well as the non-BJP defense minister, George Fernandes — have no real foreign policy experience.

They also evidently ignore the advice of their highly professional soldiers and diplo-

mats, most of whom opposed the nuclear tests.

Moreover, the BJP is very deliberately extremist: Only by maximizing external conflict to muster a forced national unity can it remain in power, having won only 46 percent of the parliamentary seats with just 25 percent of the popular vote.

In fact, the BJP itself is deeply divided along caste lines, and in recent years caste rivalries have led to much violence. That India remains on the whole a solid and democratic state is of little help to avert a slide to nuclear war now that it is governed by recklessly aggressive leaders.

As for Pakistan, its leaders seem far more prudent, but that, too, is of little help because its entire ruling elite is demoralized by pervasive corruption and extreme factionalism. Moreover, Pakistan also is deeply divided on regional lines, with superimposed ethnic

and religious animosities that often erupt in deadly violence.

Hence even prudent leaders must operate in a climate of extreme instability. They evidently cannot resist mob demands and are vulnerable to a military coup if they show weakness toward India.

All this makes an uncontrolled escalation from border clashes to local and then general war all too likely. Or, if Pakistan breaks up into regional states, there may be no organized war with India but the "Islamic bomb" still might be used — or sold — by whatever group remains in control of the nuclear installations.

The post-Cold War era of reduced danger has turned out to be short indeed.

—Edward M. Luttwak, a senior fellow at the Center for Strategic and International Studies in Washington, commenting in the Los Angeles Times.

## Why South Korea Must Not Rise to Pyongyang's Bait

By Aidan Foster-Carter

LEEDS, England — Talk about unequal exchange. A month ago, South Korea's wealthiest tycoon, the Hyundai founder Chung Ju Yung, crossed the tense and normally impenetrable border between the two Koreas. He came bearing gifts: 500 head of cattle to help his Northern hometown through hard times. (He had earlier sent 50,000 tons of corn to the north.)

Charity apart, Mr. Chung meant business. He returned from his weeklong visit with a raft of plans and some encouraging promises from Pyongyang. From Sept. 25, South Korean tourists will be allowed to take boat trips to Northern beauty spots that have been off-limits for half a century.

North Korea also wants Hyundai to build a power station to supply electricity to Pyongyang and factories making clothes for export. Northern officials invited Mr. Chung to come back in September to meet their exclusive leader, Kim Jong Il.

But all this is now in jeopardy because some other North Koreans got their own boat trips in first. While Mr. Chung was being feted in the North, a South Korean mackerel boat caught something big: a North Korean spy submarine. Its crew of nine shot themselves (or each other) rather than face capture.

Bravely, South Korea's president, Kim Dae Jung, insisted that this would not alter his "sunshine" policy of being nice to the North. Whereupon Pyongyang promptly did it again. On July 12, a dead Northern frogman was found on a Southern beach, near a flotation device that have been landed several more of his colleagues. One such intrusion might be overlooked, but two in quick

succession start to look like provocation. Actually, this was the third such incident. Two years ago, a larger spy submarine from North Korea ran aground, and the hunt for its crew caused more than 30 deaths on both sides. The United States pressed Pyongyang into a gruff apology — and a hollow promise not to repeat the crime — but the incident soured North-South relations for well over a year.

North Korea's incorrigible recidivism poses a dilemma for Mr. Kim. So keen were Seoul's just expelled one of Seoul's. Their methods vary, of course. The South can afford to buy people and get to see the North up close, thanks to U.S. spy satellites. Lacking such means, the North resorts to subliminal messages, such as the James Bond derring-do, with encouraging incompetence.

This is why Mr. Kim should persist with his sunshine policy. He knows what he is about on unification. His plan is not appeasement, nor is it based on any illusions about the nature of the North, a rogue state if ever there was one. Continued vigilance is crucial. The military may need a shakeup, given the embarrassing fact that all three intrusions were detected by Southern civilians rather than by the military.

Mr. Kim differs from his predecessors in believing that a security posture alone is not enough for South Korea. He believes in positive outreach by Seoul, either by government — but only if Pyongyang reciprocates — or, failing that, by adopting a relaxed attitude toward Southern companies and citizens seeking openings in North Korea.

Mr. Kim sees the relationship between China and Taiwan as a model. A decade ago, they chose not to let politics prevent their people from visiting and their companies from doing business. Although relations between Beijing and Taipei remain difficult, the growing network of unofficial links seems to be pushing both sides in the direction of rapprochement.

In Korea, separating business from politics is both new and revolutionary. It is also smart. Hyundai Chairman Chung Mong Hoon, son of Chung Ju

Yung, foresees his factories in the north eventually producing goods worth \$4.4 billion — four times North Korea's total exports last year.

Given the vast gap between the two Korean economies — the South slims but the North starves — this means not just mutual benefit, but valuable leverage for Seoul, once it gains a Northern foothold.

By showing that trade and investment beat bellicosity as a route out of poverty and starvation, gradual Southern penetration of the North Korean economy will pay political dividends, too. This way, moderates in the North will have

something to show for their stance, unlike the hard-line military, which would rather send spy subs and which has a lot to lose from an outbreak of peace on the Peninsula.

This is why South Korea should not rise to the bait, even if Pyongyang continues to provoke, as it surely will. Instead, Seoul should think long-term. Reaching out to the North sorely tries patience, but it still makes sense.

The writer, honorary senior research fellow on modern Korea at Leeds University, contributed this comment to the International Herald Tribune.

## IN OUR PAGES: 100, 75 AND 50 YEARS AGO

## 1898: U.S. Meddling

PARIS — [The Herald says in an Editorial:] The American Republic has prided itself upon having exclusive right to jurisdiction upon the transatlantic continent. The Monroe doctrine, "America for the Americans," has obtained universal endorsement in the United States. But a natural corollary would be "Europe for the Europeans."

Suppose the Powers should say to the United States: "If you insist upon regulating affairs on your side of the Atlantic, it is our turn to forbid you meddling with things upon this side?" Where will the United States be then?

## 1923: Wanton Dance

LONDON — There is too much "abandon" in the style of dancing now prevalent in aristocratic as well as proletarian circles in Old England to suit the dancing masters, who attribute it to

"American influence." "Tepid-chorean experts are lamenting the fact that it is impossible to develop really conservative dance steps while British dancers are under American influence. It is the lament of dance-masters and musicians that the United States is bringing the whole world under the jazz-dance banner."

## 1948: Palestine Truce

LAKE SUCCESS, New York — Arabs and Jews formally agreed yesterday [July 18] to an indefinite truce in the Palestine war. A majority of the Arab League voted to accept the truce. Abdul Rahman Azzam Pasha, Secretary General, said that the truce will be realized only if it is carried out under certain conditions: Jewish immigration must be halted completely; some 300,000 Arab refugees must be allowed to return to their homes in Palestine; a definite time limit must be placed on the truce.

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## HEALTH/SCIENCE

# Treatment Lags for Hypertension

## Doctors Rethink Their Tactics for Drug Therapies

By Denise Grady  
New York Times Service

**N**EW YORK — Back in 1972, when the National High Blood Pressure Education Program was established, its public health message was simple and compelling: Treating high blood pressure would save lives. It was right. The program has been credited with substantially lowering death rates from stroke and coronary heart disease.

Since 1993, though, the news has been less encouraging. The stroke rate has been creeping up again, and not just because Americans are aging. The decline in heart disease, never as great as experts had expected, seems to be leveling off, and kidney disease and congestive heart failure, both linked to hypertension, are on the rise.

Dismayed, scientists have begun to re-examine the treatment of high blood pressure, asking how much of the ominous trend can be attributed to lackadaisical doctors and patients who do not take hypertension seriously enough, and how much to the limitations of treatment itself.

"We are struggling now with the concept that we are not doing a good job," said Dr. Franz Messerli of the hypertension department at the Ochsner Clinic in New Orleans. "We know we can reduce blood pressure, we know it's beneficial to do so, and still it's not done."

Part of the problem is that of the 50 million Americans estimated to have high blood pressure, only 34 million know it.

Just 27 million seek treatment, and only half of them get their blood pressure under control, which is defined as below 140/90 millimeters of mercury. Those figures, from a survey taken from 1991-94, show people to be worse off than three years before, when awareness, treatment and control were all slightly higher.

"We home in on the public and say they're not taking their pills," said Dr. Marvin Moser, clinical professor of medicine at Yale University Medical School. "But I think we should be paying more attention to the problem of adherence to treatment guidelines by the

doctor." Many doctors, he said, are not following these guidelines. That means many patients are not getting the best treatment for their high blood pressure and its complications, other researchers agreed. But experts also acknowledge that their research has not given doctors all the information they need to make the best decisions about treatment.

Two important issues have not been resolved. First, it is not known whether all drugs that lower blood pressure also protect against heart attack and stroke. Second, more studies are needed to compare different drugs and determine whether some work better than others in particular types of patients.

Blood pressure is the force exerted by blood as it pushes out against the walls of the arteries. When pressure surges too high, it can damage the vessels and lead to arteriosclerosis, heart disease, stroke and kidney failure.

Doctors define optimal blood pressure, associated with the lowest cardiovascular risk, as below 120/80 millimeters of mercury. The first number, the systolic pressure, is measured while the heart is contracting, and the second, the diastolic reading, is taken while the heart is relaxing between beats.

Once the pressure climbs past 120/80, the risk of cardiovascular disease begins to rise. But the condition is not called hypertension until the pressure exceeds 140/90, and then the goal of treatment is just to get it below that cut-off number. Few patients ever make it back into the danger zone below 120/80.

People with mild hypertension and no other risk factors are often advised to try lowering it through exercise and diet for six to 12 months. Others are given medicine. The first choice for most patients, according to national guidelines, should be diuretics and beta blockers, though doctors can use other classes of drugs if the first try does not work.

But basing treatment decisions solely on the numbers read off a sphygmomanometer, the familiar cuff used to measure blood pressure, can be a mistake. Two people may have the same high blood pressure reading for different reasons, and their odds of developing heart disease may also differ, depending on other risk factors like

smoking, age, obesity, race, high cholesterol and triglycerides, abnormal glucose metabolism, kidney problems and enlargement of the heart.

Doctors who focus on blood pressure alone may neglect other conditions that still pose risks for heart disease, said Dr. Michael Alderman, professor of medicine and epidemiology at Albert Einstein College of Medicine in New York. He labeled that approach simplistic and said therapy should be tailored to individual needs.

"It's much more complicated than just measuring the blood pressure and giving people pills," Dr. Alderman said.

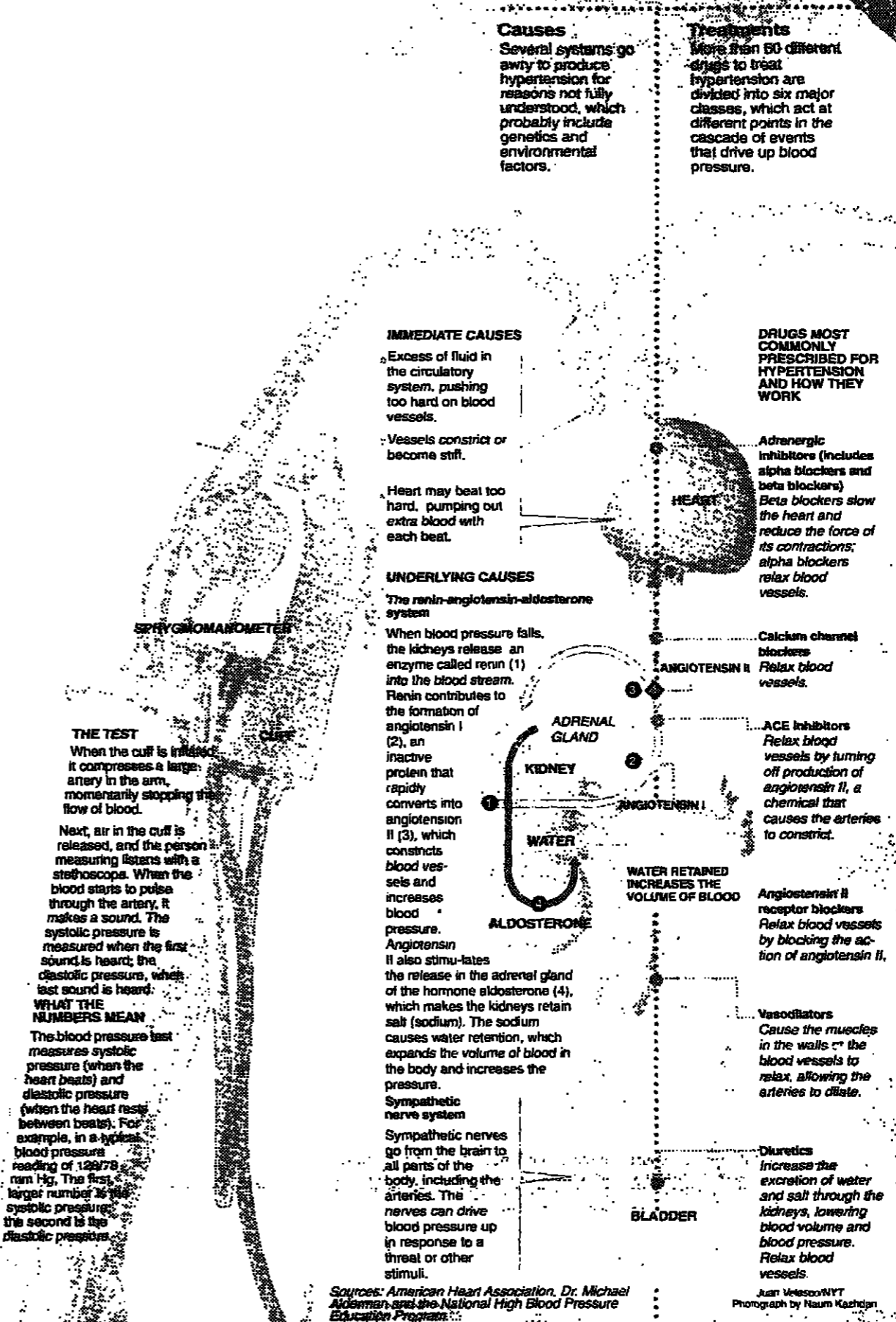
Although the most recent guidelines from the national program recommend certain types of drugs specifically for people with problems like diabetes, Dr. Alderman said more research is needed to fine-tune such advice.

There are doctors who specialize in hypertension, and enterprising patients who seek them out, but most people depend on internists and family practitioners, who may or may not be well versed in the 65 different drugs and 29 combination pills used to treat high blood pressure.

**M**OREOVER, there are differences of opinion over the best way to lower blood pressure. Dr. Moser of Yale University, for instance, said he had been trying for years to convince his colleagues that diuretics should be used more often, alone or combined with other drugs. Also known as water pills, diuretics reduce blood volume and lower blood pressure by increasing the excretion of water and salt through the kidneys. They also relax blood vessels.

The information that doctors and patients want most — data on which drug really is best for which patient — has been slow in coming. Until recent years, relatively few studies were done to compare drugs, largely because the pharmaceutical industry, which finances much of the research on hypertension drugs, was not eager to pay for them.

"Now, they're doing the studies because there's pressure to do them," Dr. Moser said, noting that about 30 comparative trials were under way, with results expected in several years.



# Debate Over Benefits of Diet

By Denise Grady  
New York Times Service

**N**EW YORK — For people with high blood pressure who hate to take pills, recent studies have offered good news: Changes in daily routine can lower blood pressure enough to let some people with mild hypertension postpone the need for medicine or avoid it altogether.

Boosting previous research, new experiments suggest that people who lose excess weight, exercise regularly and limit alcohol to a drink or two a day can sometimes lower their readings enough to stay off drugs.

Limiting salt may also help some patients. Blacks and older people seem to be more sensitive to salt, but there is no simple test to tell who benefits from abstaining. Most salt in the American diet comes from bread and processed foods, and many doctors advise patients to cut back and see whether it helps.

Guidelines issued in November by the National High Blood Pressure Education Program, part of the U.S. National Institutes of Health, said people with mild

hypertension should try lifestyle changes for six to 12 months and resort to drugs only if the changes do not work.

Research since then has supported that recommendation, at least in the elderly, more than two-thirds of whom are afflicted by hypertension. In a study published in the *Journal of the American Medical Association* in March, some people from age 60 to 80 were taken off blood pressure medication after losing 8 to 10 pounds (3.5 to 4.5 kilograms) and limiting their salt intake to 1,800 milligrams of sodium a day.

The study's director, Dr. Paul Whelton, dean of the school of public health and tropical medicine at Tulane University, in New Orleans, said the high rate of success was at least partly linked to the participants' age and their desire to avoid medicine.

Some doctors wonder whether the findings can be applied to real life, because people in the study received a good deal of help from exercise and nutrition counselors. "Lifestyle modification doesn't work for most people," said Dr. Michael Alderman, professor of medicine and epidemiology at Albert

Einstein College of Medicine in New York.

But even doctors who scoff at lifestyle change seem willing to give points to a plan known as Dietary Approaches to Stop Hypertension, the first diet to be recommended by the National High Blood Pressure Education Program.

The diet adds foods instead of taking them away. Specifically, it requires eating eight to 10 servings a day (about 5 cups) of fruits and vegetables and 3 cups of low-fat dairy foods, about twice what most Americans consume. Only about 26 percent of calories come from fat.

"I think the high potassium content of the diet pretty much explains why it lowers blood pressure," said Dr. Frank Sacks, a professor of nutrition at the Harvard School of Public Health who helped set up the study. "It's half or more of the effect."

Fruits, vegetables and milk are all rich in potassium, and the diet provides 4,400 milligrams of the mineral a day, about the amount in 11 bananas. Experts say they believe that potassium lowers blood pressure by relaxing the arteries and by countering the effects of salt.

# A Close Call Over Thalidomide

## FDA Doctor's Suspicion in '60s Delayed Approval

By John Schwartz  
Washington Post Service

**W**ASHINGTON — The thalidomide story remains one of the key events in the history of drug safety. But debate among drug experts continues about whether the U.S. Food and Drug Administration in the 1960s was courageous, lucky or simply lazy.

On Thursday, thalidomide finally won Food and Drug Administration approval to be sold in the United States. Its use will be highly restricted in an effort to avoid the birth defects it produced in the 1960s.

The nightmare began with the promise of a good night's sleep. A West German company developed the drug in the 1950s as a sedative. Sales spread around the world, and the American drug maker William S. Merrell Co. of Cincinnati applied for approval in the United States in September 1960. To hear the company's pitch, thalidomide was a truly wonderful drug. A single dose let users doze off into a natural sleep with no side effects. Little wonder that many European countries had approved it quickly.

But Dr. Frances Kelsey, a newly hired drug reviewer for the FDA, was not satisfied with what she saw. Thalidomide was the first application to reach her desk. "Since I was new, it was decided that I should be given a simple preparation to start on," she recalled in a 1993 speech.

Dr. Kelsey expected to see far more substantive documentation for a new drug than the company had provided — especially when the drug was intended to treat a condition that was not overly serious and already had a number of competing therapies.

Dr. Kelsey, now in her 80s and still working at the FDA, has declined interview requests about the 1960s fight over thalidomide. In a 1994 interview with *The Washington Post*, and in congressional testimony and papers she has written, however, a picture of her struggle emerges.

Under the laws of the time, the drug would have gained automatic approval after 60 days. But Dr. Kelsey delayed approval for 60 days, and when that period passed, she delayed approval repeatedly, demanding more information from the company. "We were dickering with them — do more studies. Label it differently," she recalled.

From the beginning, Dr. Kelsey was pushed by the company and her superiors to move the application along. She became suspicious of a side effect that the manufacturer played down but that could have been a sign of under-

lying problems with the drug: a sometimes-painful tingling in the arms and legs that did not go away in some patients even after quitting the drug.

Still, "she was insecure," recalled Dr. John Nestor, one of the handful of FDA reviewers at the time. Dr. Nestor, a pediatrician, said he urged Dr. Kelsey to look at possible effects on fetuses, and helped her fend off attacks from the company and higher-ups at the agency.

Dr. Nestor, now 85, said representatives of the drug company called Dr. Kelsey three times a day to argue about the application and urge approval for the drug, which by then had become a global best-seller. Dr. Kelsey hired an attorney because representatives of the company threatened to sue her personally, Dr. Nestor said.

Meanwhile, researchers in Australia and West Germany were beginning to note a steep increase in previously rare birth defects: children born with severely deformed, flange-like limbs, or no limbs at all, and a host of other serious malformations. Helen Taussig, a professor at Johns Hopkins University, toured West German hospitals and briefed Dr. Kelsey and Dr. Nestor in April 1962. Dr. Taussig testified before Congress the next month, but her findings received almost no media coverage.

Breaking the story of Dr. Kelsey's role fell to a young Washington Post city desk reporter, Morton Mintz. Dr. Kelsey

told him that she had been pressured by the drug maker Merrell. Mr. Mintz said, "I was naive enough to be shocked. I thought, 'What the hell was this?'"

In his story on Dr. Kelsey, Mr. Mintz wrote, "The skepticism and stubbornness of a government physician prevented what could have been an appalling American tragedy, the birth of hundreds or indeed thousands of armless and legless children."

The drug was eventually removed from worldwide markets, and Dr. Kelsey was propelled to international stardom; she received the Distinguished Federal Civilian Service Award from President John F. Kennedy.

The ensuing scandal came at an opportune time for drug-safety advocates. Senator Estes Kefauver, Democrat of Tennessee, had proposed regulations for drug companies, but the bills were languishing. Within weeks, however, the bills were rewritten: instead of being largely concerned with the economics of the pharmaceutical industry, the bills required manufacturers to prove through clinical trials that their new drugs were not just safe, but effective.

"That ushered in a whole new era of scientific evaluation of medical therapies," said David Kessler, a former FDA commissioner. "It's why today we know whether a drug works."

Staff writer David Brown contributed to this report.

## IN BRIEF

### Rheumatoid Arthritis Is Linked to Cancer Risk

**LONDON (Reuters)** — Rheumatoid arthritis sufferers have an increased risk of developing lymphoma and should be treated with drugs to protect them against the cancer of the immune system, Swedish doctors said Friday.

Dr. Eva Baeklund and researchers at the University Hospital in Uppsala, Sweden, who studied nearly 12,000 patients with the chronic disease, found it had an effect on the immune system that made patients more susceptible to the cancer of the lymph nodes and spleen.

The researchers urged doctors to use drugs to bolster the body's immune system to ward off both arthritis, which is caused by inflammation of the tissue around the joints, and lymphoma.

### Hope for Syphilis Vaccine

**WASHINGTON (AFP)** — In com-

pleting the genetic map of the bacterium that causes syphilis, scientists are moving closer to the development of vaccines for the disease, researchers said Friday.

"Completion of this project is an extraordinary boost for efforts to develop a protective vaccine," Anthony Fauci, director of the National Institute of Allergy and Infectious Diseases, wrote in *Science* magazine.

### Minuscule Clocks

**ALBUQUERQUE, New Mexico (AP)** — Scientists at Sandia National Laboratories, along with those at the University of California, Berkeley, have found a way to make electronic clocks that are smaller than the width of a human hair.

These minuscule clocks could one day replace the quartz clocks inside wristwatches, desktop computers or just about any other electronic device.

## LANGUAGE

# The Long and Short of Whole Cloth

By William Safire

**W**ASHINGTON — When a young journalist embarrassed *The New Republic* and other publications by fabricating articles, the columnist Richard Cohen wrote that the young man should seek another line of work after having filed articles "made up out of whole cloth."

About the same time, the independent counsel Kenneth Starr made a speech about the tendency of government lawyers to seek excuses like "executive privilege" or "protective privilege" to prevent witnesses from testifying. "The courts cannot be in the business of creating new privileges," Starr said, "from whole cloth."

This usage puzzles Elizabeth Hopkins in the editorial department of *The International Herald Tribune*. She writes that she has not been able to find the origin of *made up out of whole cloth*. Although the meaning is clear — "a story invented with no basis in fact; a complete fiction" — the metaphoric origin is obscure. Just what is the whole cloth? And what has any cloth to do with lying?

A whole cloth, or broadcloth, is material of the full size as originally manufactured — not the end bit or remnant or piece cut out of the whole for reuse in a quilt or smaller-size garment. Like a sense of the whole person — well balanced, "together" — whole cloth has integrity, akin to "all wool and a yard wide." Then, early in the 19th century, the phrase's meaning flipped. In 1840, the Canadian novelist Thomas Haliburton, in his dialect-rich *The Clockmaker*, had his Yankee character named Sam Slick say: "All that talk about her timber was made out of whole cloth, and got up a-purpose."

What a fib! ... It's all made out of whole cloth."

In his 1972 "Hog on Ice," Charles Funk speculated that tailors were suspected of being deceptive: "Instead of using whole material, as they advertised, they were really using patched or pieced goods, or, it might be, cloth which had been falsely stretched to appear to be of full width." The material presented as being of whole cloth, on that theory, had become suspect.

Come at cloth another way, through its synonym fabric, from the Latin *fabrica*, "workshop," a place or structure where things like clothing are made.

*Fabricate* means "to construct, manufacture, frame"; in the 18th century, it took on a sinister sense of "to make up a story, to invent a lie, to forge a document." In 1805, President Thomas Jefferson was accused of having cravenly fled from the state capital, Richmond, during the Revolution, when he was governor of Virginia. In helping his side, William Burwell, prepare his defense against accusations of cowardice, Jefferson wrote, "This fabricated flight from Richmond was not among the charges." That sense of "cooked up, untrue" continues. Today, *fabrication* is most often used when lie seems too harsh. It's not too great a stretch to think of the fabric as cloth deceptively made up of patches and remnants to appear as made of whole cloth.

"William F. Buckley Jr. tells us," writes Jackson Williams of Austin, Texas, "that Brent Bollwell was the ghostwriter of Barry Goldwater's 1960 book, 'The Conscience of a Conservative.' The very next day, William Safire flatly credits Stephen Shadegg. ... One of them might actually be right. I wonder which one."

Nobody's righter than Buckley. Shadegg (whose son John now serves in the House) wrote many of Goldwater's speeches in the late '50s, but Bill Buckley, who was inside that conservative circle, informs me that Brent wrote the entire thing *ex nihilo* (from nothing). He had been writing speeches for Barry for a couple of years, but the book we're talking about was Brent's.

But what of the most memorable line Goldwater spoke? At the Republican convention of 1964, as Rockefeller-Scranton forces were calling themselves "moderates" and calling the Goldwater supporters "extremists," the victorious candidate intoned the words that split and sank the party: "I would remind you that extremism in the defense of liberty is no vice, and let me remind you also that moderation in the pursuit of justice is no virtue."

I credited that to Karl Hess. This is disputed by Seth Leishohn of Washington, who holds that "the author of that speech was a then-professor of political science at the University of Ohio and now at Claremont, Henry Jaffa."

As best I can reconstruct it, the inflammatory speech was largely written by Hess, with a quotation — of Marcus Tullius Cicero defying the conspiratorial Catiline — contributed by Jaffa.

Cicero, criticized for his hasty execution of five of Catiline's supporters, said, "I must remind you, lords, senators, that extreme patriotism in the defense of freedom is no crime and let me respectfully remind you that pusillanimity in the pursuit of justice is no virtue in a Roman."

It may have worked oratorically for Cicero, but backfired when used by Goldwater.

New York Times Service

## CAPITAL MARKETS ON MONDAY

## Bonds' Future Rests on Greenspan and New Leadership in Japan

**Bloomberg News**  
**NEW YORK** — The fate of the U.S. bond market this week lies with two men: the Federal Reserve chairman, Alan Greenspan, and whomever Japan's ruling party names as prime minister.

Mr. Greenspan could move the market Tuesday with his semiannual testimony to Congress on the economy and interest rates. On Friday, results of a battle for leadership of Japan's ruling Liberal Democratic Party — and the post of prime minister — may spur bond trading by giving investors clues to the pace and extent of reforms in Japan.

The 134 point decline in 30-year Treasury bonds last week, the biggest in more than six months, came while many investors are worried that Mr. Greenspan's comments or the selection of Seiroku Kajiyama, a supporter of banking reform in Japan, may lead to further bond losses. The yield on the bench-

mark 30-year Treasury bond ended last week at 5.74 percent, up from 5.62 percent at the end of the previous week.

Others are betting that Mr. Greenspan will cheer investors, and that Japan's

## U.S. CREDIT MARKETS

highest post will go to Keizo Obuchi, who is not expected to show much enthusiasm for sweeping reforms that could revive the world's second largest economy.

"The bond market looks good," said Ned Riley, chief investment officer at BankBoston, which oversees \$30 billion. "I would suspect that Mr. Greenspan's testimony is going to be upbeat, while problems in Asia aren't going to disappear regardless of what fiscal measures are taken in Japan."

The trigger for the drop in the bond

market last week was a falling dollar. The U.S. currency dropped against the yen amid speculation that a new Japanese prime minister will take steps to stimulate the ailing Japanese economy and reform its banking system. Ryutaro Hashimoto resigned as prime minister Monday after his party suffered big losses in weekend elections.

"The market's focused on what is or is not going to happen in Tokyo," said George Adell, trader at Philadelphia-based Starboard Capital Markets Inc. "We're doing the Japanese routine — who's in, who's out; will they, won't they."

Bond investors worry that aggressive moves by Japan's new leaders to end its recession would reduce demand for less risky assets such as Treasury bonds.

The so-called flight to quality from tumbling Asian markets helped drive 30-year yields to as low as 5.56 percent on

July 6 — the lowest since the government began selling that maturity regularly in 1977. Returning stability in Russia following loan promises from the International Monetary Fund may also stem demand for Treasuries, investors said.

"There's a slightly better than 50-50 chance that this election in Japan and the IMF bailout in Russia could mark a turning point," said Jim Somers, who man-

ages \$2.5 billion of bonds at Martindale, Andrus & Co. in West Conshohocken, Pennsylvania. "The market could begin to lose its bid from overseas investors."

Bullish bond investors counter that even if safe-haven buying dries up, yields will fall as Asia's slump puts a drag on U.S. growth, keeping inflation from quickening. That's where Mr. Greenspan comes in.

The Federal Reserve chairman, while recognizing that the central bank must stay on guard for signs of rising prices, will probably point to recent indications that the U.S. economy is losing steam, investors said. The Fed has left its target for bank lending rates unchanged at 5.5 percent since March 1997, partly in recent months because it expects Asia's woes to curb U.S. growth.

## INVESTING

## When Stock Buybacks Sound Alarms

By Gretchen Morgenson  
 New York Times Service

**NEW YORK** — For years, share buybacks have been an investor's best friend. Even though buying back stock may not be the most inspired use of a company's cash, it has typically sent stock prices higher.

Some recent announcements, however, suggest that these buybacks are no longer an automatic victory for investors. With stocks at record levels, aggressive repurchase plans look increasingly dicey.

Consider two recent buyback announcements. On May 12, Primark Corp., a supplier of information, analysis and software to financial, corporate and government customers, announced that it would buy back 4 million of its 27 million shares. The company, based in Waltham, Massachusetts, agreed to pay \$34 to \$41.50 a share. The stock closed at \$34.50 on that day. On Friday, the stock closed at a 52-week low of \$30.125.

A similar fate befell stockholders in Samsonite Corp., based in Denver. Since the company's June 29 purchase of 51 percent of its shares, Samsonite's stock price has fallen 21 percent, to \$9.37.

Some buybacks still produce a bounce

the Buyback Letter and president of Fried Asset Management in Malibu, California, said that roughly 5 percent of buybacks come from big-capitalization, household-name companies. The rest are made by smaller companies that are not as well capitalized.

Many investors believe that stock buybacks reduce the number of shares outstanding, leading to higher per-share earnings. But some buybacks merely offset the dilution caused by employee stock option awards, producing no real effect.

Share repurchases, often seen as a no-lose proposition for investors, can weaken a company's financial position.

What makes a buyback bad? Carol Levenson, editor of Gimme Credit, a Chicago-based service that provides corporate bond advice to institutions, says that the worst buyback is one in which a company borrows to pay for it. Both Primark and Samsonite borrowed to complete their buybacks.

A Dutch auction, as conducted by Samsonite for 51 percent of its stock, is also hazardous, Ms. Levenson says. That is because companies that make such offers are locked into buying a set

the company has spent \$2.4 billion to buy back 27 percent of its shares outstanding since 1991. On Friday, the stock closed at a 52-week low of \$38.50.

Another tip-off to a potentially dicey buyback? Ms. Levenson says that companies planning to buy back 15 percent or more of their stock will get a hard look from the debt-rating agencies. And Mr. Fried recommends avoiding companies that buy back stock even as it trades at 25 or 30 times earnings.

Mr. Fried also steers clear of companies that are making large share repurchases while insiders are selling heavily.

At some companies, a stock buyback can signal a significant change in management strategy. If a company's managers have been working to clean up the balance sheet but suddenly announce share repurchases, Ms. Levenson says, they may have shifted priorities from putting the company on sound financial footing to raising its stock price.

Delta Air Lines Inc. may be such a case. Last September, \$5.6 billion of Delta's senior debt was upgraded by Standard & Poor's from junk status to investment grade. S&P cited the company's strong revenue growth, increased cash flow and cost-cutting mea-

asures. Like all the airlines, Delta has benefited from a boom in business and leisure travel and from low oil prices.

On Tuesday, Delta announced it would buy back \$750 million of its shares — some 7 percent of its stock outstanding. Delta shares rose almost 5 percent on the news, setting a record high that day of \$142.1875. They have since fallen back to \$135.50.

To Ms. Levenson, the buyback suggests that cleaning up the balance sheet is no longer the top priority of Delta's management. Delta may be able to raise its credit quality further because of improving fundamentals; however, the airline business is notoriously volatile. In such a situation, she said, "I advise bondholders not to look for further upside and to watch for any shock to the system, because these companies don't have the financial flexibility that they would have had, had they paid down their debt."

## New International Bond Issues

Compiled by Paul Floren

Issuer	Amount (\$millions)	Maturity	Comp. %	Price	Yield
<b>Floating Rate Notes</b>					
Bank of Scotland Treasury Services	\$400	2000	libor	100.09	—
<b>Bank of Scotland Treasury Services</b>					
Bank of Scotland Treasury Services	\$350	2001	libor	100.055	—
<b>Colombian Finance</b>					
Colombian Finance	\$150	2005	0.45	99.771	—
<b>Countrywide</b>					
Countrywide	\$200	2003	0.125	99.89	—
<b>Depto Europe</b>					
Depto Europe	\$500	1999	0.0625	100.0327	—
<b>Imperial Chemical Industries</b>					
Imperial Chemical Industries	\$200	2000	0.125	100.05	—
<b>Lehman Brothers Holdings</b>					
Lehman Brothers Holdings	\$250	2003	0.30	99.783	—
<b>Dresdner Finance</b>					
Dresdner Finance	\$200,000	2003	0.03125	100.06	—
<b>Hypothenkbank in Essen</b>					
Hypothenkbank in Essen	\$125,000	2000	0.03125	100.07	—
<b>Capital One Bank</b>					
Capital One Bank	\$500	2001	0.40	99.855	—
<b>Hypothenkbank in Essen</b>					
Hypothenkbank in Essen	\$125	2000	0.05	99.95	—
<b>Bank of Nova Scotia</b>					
Bank of Nova Scotia	\$1,000	2000	0.01	100.10	—
<b>Fixed-Coupons</b>					
General Motors Acceptance Corp. Australia	\$200	2001	6	101.02	99.82
Nestle Holdings	\$250	2003	5 1/4	101.291	99.97
Associated British Ports Holding	\$120	2008	6 1/4	99.409	—
Depto Bank	\$150,000	2008	4 1/4	98.49	—
Gilfether	\$150,000	2008	5 1/4	99.542	—
L-Link	\$150,000	2002	4 1/4	100.983	99.70
Argentina	\$150,000	2010	8 1/4	99.927	—
Bank Nederland Gemeenten	\$150,000	2005	5	103.584	101.85
Cyprus	\$150,000	2008	5 1/4	99.901	99.90
Paribas	\$150,000	2008	5 1/4	101.428	99.95
Valencia	\$150,000	2005	4 1/4	99.68	99.80
Peppico	\$150,000	1999	4.10	100	—
<b>Correction</b>					
Robobank	\$100	2008	6 1/4	101.50	—

## Most Active International Bonds

The 250 most active international bonds traded through the Euroclear system for the week ending July 17. Prices supplied by Telekurs.

Rank	Name	Cpn	Maturity	Price	Cr Yld
<b>Austrian Schilling</b>					
146	Austria	5	01/15/08	101.8500	4.9500
<b>Australian Dollar</b>					
218	Australia	8 1/4	08/15/08	124.8900	7.0100
<b>British Pound</b>					
155	Hatfield	6 1/4	04/03/08	99.2999	6.4200
156	NB Senior	10 1/4	04/01/08	60.5000	17.7700
<b>Canadian Dollar</b>					
230	Canada	6	04/01/08	104.7400	5.7000
<b>Danish Krone</b>					
10	Denmark	8	03/15/06	119.6600	6.9900
11	Denmark	8	03/15/06	119.6600	6.9900
12	Denmark	8	03/15/06	119.6600	6.9900
13	Denmark	8	03/15/06	119.6600	6.9900
14	Denmark	8	03/15/06	119.6600	6.9900
15	Denmark	8	03/15/06	119.6600	6.9900
16	Denmark	8	03/15/06	119.6600	6.9900
17	Denmark	8	03/15/06	119.6600	6.9900
18	Denmark	8	03/15/06	119.6600	6.9900
19	Denmark	8	03/15/06	119.6600	6.9900
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26	Denmark	8	03/15/06	119.6600	6.9900
27	Denmark	8	03/15/06	119.6600	6.9900
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29	Denmark	8	03/15/06	119.6600	6.9900
30	Denmark	8	03/15/06	119.6600	6.9900
31	Denmark	8	03/15/06	119.6600	6.9900
32	Denmark	8	03/15/06	119.6600	6.9900
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34	Denmark	8	03/15/06	119.6600	6.9900
35	Denmark	8	03/15/06	119.6600	6.9900
36	Denmark	8	03/15/06	119.6600	6.9900
37	Denmark	8	03/15/06	119.6600	6.9900
38	Denmark	8	03/15/06	119.6600	6.9900
39	Denmark	8	03/15/06	119.6600	6.9900
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48	Denmark	8	03/15/06	119.6600	6.9900
49	Denmark	8	03/15/06	119.6600	6.9900
50	Denmark	8	03/15/06	119.6600	6.9900
51	Denmark	8	03/15/06	119.6600	6.9900
52	Denmark	8	03/15/06	119.6600	6.9900
53	Denmark	8	03/15/06	119.6600	6.9900
54	Denmark	8	03/15/06	119.6600	6.9900
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56	Denmark	8	03/15/06	119.6600	6.9900
57	Denmark	8	03/15/06	119.6600	6.9900
58	Denmark	8	03/15/06	119.6600	6.9900
59	Denmark	8	03/15/06	119.6600	6.9900
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61	Denmark	8	03/15/06	119.6600	6.9900
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64	Denmark	8	03/15/06	119.6600	6.9900
65	Denmark	8	03/15/06	119.6600	6.9900
66	Denmark	8	03/15/06	119.6600	6.9900
67	Denmark	8	03/15/06	119.6600	6.9900
68	Denmark	8	03/15/06	119.6600	6.9900
69	Denmark	8	03/15/06	119.6600	6.9900
70	Denmark	8	03/15/06	119.6600	6.9900
71	Denmark	8	03/15/06	119.6600	6.9900
72	Denmark	8	03/15/06	119.6600	6.9900
73	Denmark	8	03/15/06	119.6600	6.9900
74	Denmark	8	03/15/06	119.6600	6.9900
75	Denmark	8	03/15/06	119.6600	6.9900
76	Denmark	8	03/15/06	119.6600	6.9900
77	Denmark	8	03/15/06	119.6600	6.9900
78	Denmark	8	03/15/06	119.6600	6.9900
79	Denmark	8	03/15/06	119.6600	6.9900
80	Denmark	8	03/15/06	119.6600	6.9900
81	Denmark	8	03/15/06	119.6600	6.9900
82	Denmark	8	03/15/06	119.6600	6.9900
83	Denmark	8	03/15/06	119.6600	6.9900
84	Denmark	8	03/15/06	119.6600	6.9900

## The Week Ahead: World Economic Calendar, July 20-24

A schedule of this week's economic and financial events, compiled for the International Herald Tribune by Bloomberg Business News.

Expected This Week	Asia-Pacific	Europe	Americas
Monday July 20	Hong Kong: Unemployment data for June.	London: Bank of England to release provisional estimates of M4 money supply in June.	Mexico City: Mexico's statistical institute to release data on May retail and wholesale sales.
	Manila: President Joseph Estrada to speak at a joint meeting of the Financial Executives of the Philippines and Makati Business Club.	Madrid: Finance Ministry to issue May trade-balance data. Bank of Spain to release May current-account figures.	Sao Paulo: Government conference on the upcoming sale of Telcel phone system and competition in telecommunications.
Tuesday July 21	Taipei: Taiwan International Mercantile Exchange to begin trading in Taiwan stock index futures.	Budapest: Debt Management Agency to start three-day auction of Treasury bills.	Ottawa: Statistics Canada to release May retail sales figures.
	Taipei: Export orders data and the industrial production index for June.	Munich: Ifo research institute to issue June business climate survey.	Washington: Alan Greenspan, the Federal Reserve Board chairman, to begin two-day semiannual testimony before the Senate Banking Committee on the state of the economy.
Wednesday July 22	Beijing: Joseph Stiglitz, World Bank senior vice president and chief economist, to hold news conference on the Asian financial crisis.	Frankfurt: Oskar Lissing, the European Central Bank's chief economist, to address International Business Journalists Forum.	Buenos Aires: Latin American Economic Research Foundation to release preliminary estimate of Argentine industrial production in June.
	Ministry of Finance to report Japan's merchandise trade balance for June.	London: Office for National Statistics to issue June retail price index.	Guatemala City: Guatemala to sell the state-owned phone company, Telcel, in a bid to raise \$800 million.
Thursday July 23	Hong Kong: Consumer price index for June.	Berlin: Robert Fleming & Co. to sponsor a German-British Forum. Speakers to include Neil Kinnock and Gerhard Schroeder.	New York: Citicorp to hold special shareholders meeting to consider proposed merger with Travelers Group.
	Sydney: Average weekly earnings data for May.	Frankfurt: Bundesbank's policy council to meet to set interest rates.	Santiago: Chile's central bank to release May data, including trade, mining production and industrial output.
Friday July 24	Melbourne: Institute of Public Affairs to hold its inaugural deregulation conference, "Mergers and Acquisitions Arrangements under the Australian Trade Practices Legislation."	London: Office for National Statistics to release preliminary estimate of gross domestic product growth for the second quarter.	Mexico City: Banco de Mexico to report on first-half inflation.
	Wellington: Overseas trade data for June.	Milan: Gruppo Ceramich Ricchetti SpA rights to start trading on the Milan Stock Exchange.	Washington: Federal Reserve Board to release weekly report on commercial and industrial loans at U.S. commercial banks.

## Last Week's Markets

Stock Indexes	July 17
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In its heyday, the UAW struck for broad national goals, such as a guaranteed annual income and a vacation bonus, as in this 66-day strike against Ford in 1967. In those days, the U.S. held its breath every three years when the auto contract came up for renewal, and the union's gains frequently rippled through the economy.

## GM Strike Recalls a Bygone Era When Labor Could Paralyze the U.S.

By Steven Greenhouse  
New York Times Service

**NEW YORK** — In many ways, the 44-day-old strike against General Motors seems to belong less to the 1990s than to a bygone era when mighty unions brought the United States' industrial giants to their knees and labor's titanic battles commanded much attention.

In that era, presidents worked feverishly behind the scenes to press the combatants to reach a settlement before the

nation's economy suffered grievous harm. And politicians, corporate executives and millions of Americans followed every detail of those showdowns because the contract that emerged often set a pattern for U.S. industry.

That was an era when struggles against giants like General Motors or U.S. Steel produced innovative benefits, like employer-financed pensions and cost-of-living adjustments, which were later granted to millions of other workers.

The current strike by the United Auto

Workers brings back memories of labor's glory days of the 1950s and 1960s because the union has made a show of strength rarely seen nowadays. It has shut down an entire company, and it has crippled the very colossus that has long symbolized U.S. industrial might.

[Negotiations were held Saturday between striking workers and General Motors, but no breakthroughs were expected over the weekend, the Associated Press reported from Flint, Michigan.

[Talks were to resume Sunday, and

the company and the union were also preparing for an arbitrator's hearing set for Wednesday, when GM will argue that the strikes are illegal.]

That labor can still muster so much muscle comes in a way as a surprise after decades during which the percentage of U.S. workers belonging to unions has plunged and unions have been on the defensive because of downsizing, deregulation and competition from imports.

Despite this decline, unions in a handful of key industries, including autos, airlines, aircraft production and railroads, can still paralyze huge companies.

"When I was president, we had 1.5 million members, and now we have 700,000, so people think it's so far away from us," said Douglas Fraser, who headed the UAW from 1977 to 1983. "You can't gauge strength that way. It's not in numbers. It's in your ability to strike effectively. We can strike as effectively today as in any decade you want to pick out."

The UAW's willingness to strike is a far cry from the 1980s, when unions were scared to walk out, wary of high un-

employment, strikebreakers and the explosion of low-cost imports. With the jobless rate at its lowest point in decades, the auto workers feel emboldened about striking. Indeed, some labor experts say, the union thinks that with car sales booming, imports have increased the strikers' leverage by pressuring GM to settle soon, lest it lose market share to imports.

Today's GM strike shares many attributes with the nationwide stoppages of the 50s, 60s and 70s, but it began in just one factory, a metal-stamping plant in Flint. The two sides are grappling over GM's reluctance to make a \$180 million investment and its unhappiness with production quotas that let some employees stop work after five hours.

The strike on June 5 and a related walkout at another plant in UAW have shut down 26 of GM's 29 North American assembly plants, idling 186,400 workers and costing GM \$75 million a day. Never has a local strike shut down so much of GM for so long.

The auto workers are expert at knowing where to put their thumb to stop things from flowing," said John Dunlop

of Harvard, who was secretary of labor under President Gerald Ford.

This strike — and six other local strikes that have hit GM since 1996 — reflect a little-understood trend in Big Three bargaining: Negotiations are focusing less on national contracts and more on local plants.

This shift in the locus — and focus — of bargaining means that the settlement reached in the GM dispute is unlikely to have nearly the effect of an accord in nationwide negotiations — especially those where the UAW chose an automaker whose contract set the pattern for the other automakers.

Because of its local focus, the GM dispute may well produce a contract that is a whimper rather than a bang. The settlement might focus on fine points, such as increasing investment or production quotas at the Flint stamping plant — measures with few ramifications elsewhere.

Paralleling this shift from the national to the local has been a shift in the subject

See STRIKE, Page 13

## Workers to Unionize at United Airlines

By Steven Greenhouse  
New York Times Service

**NEW YORK** — In the biggest unionization victory in the private sector in two decades, about 19,000 reservations takers, gate agents and ticket sellers at United Airlines will become members of the International Association of Machinists, according to federal officials.

Federal labor officials announced Friday that a majority of United's passenger service workers had voted to unionize, following a year-long campaign in which the machinists emphasized that United's profits had rebounded while the country's largest airline had maintained a wage system in which thousands of workers earned less than \$15,000 a year.

The organizing drive was unusual in its scope and logistics because it in-

volved campaigning in 16 reservations centers and a total of 113 cities.

Union leaders said the triumph demonstrated that labor's stepped-up recruiting efforts were paying off and that service sector workers and white-collar workers were fertile territory for organizing.

Martin Malin, a labor relations specialist at Chicago-Kent Law School, said, "Obviously, it's a tremendous boost to organized labor, particularly in light of the AFL-CIO's big emphasis on organizing more employees."

The unionization vote was also unusual because it came at a company that is often described as the nation's largest employee-owned corporation — employees own slightly more than half the shares.

The employee stock ownership plan was set up in 1996 by management with

the cooperation of the pilots and machinists unions, with the goal of solidifying United's finances and increasing workers' job security.

But the employer stock ownership plan left many nonunion passenger service workers fuming because they received fewer shares than the unionized workers and because the plan created a three-tier wage system, with the lowest tier of employees receiving fewer vacation and sick days and a less generous health plan than other workers.

Officials at United, a Chicago-based company that is a subsidiary of UAL, insisted that they did not oppose the unionization drive.

Nonetheless, many United workers said their supervisors had argued against the union, although these workers ac-

See UNION, Page 13

## CYBERSCAPE

### Internet Stock Is Off to Eye-Popping Start

By David Barboza  
New York Times Service

**NEW YORK** — Shares of Broadcast.com, a small three-year-old company that streams live news, radio, music and other programs over the Internet, more than tripled in value in its first day — the best opening-day gain of any company in Wall Street history.

Investors have clamored for Internet stocks all year long, bidding up the prices of companies like CDNow Inc., Doubleclick Inc., Yahoo! Inc. and Amazon.com Inc. But even the underwriters who priced shares of Broadcast.com for public consumption

failed to anticipate the ravenous investor appetite for them Friday. More than 6.5 million shares in the Dallas-based company traded hands and made instant paper multimillionaires out of its co-founders.

The shares had been priced at \$18. But soon after they began trading, Broadcast.com shares shot up to \$68 on the Nasdaq market, then reached as high as \$74 before closing at \$62.75, a nearly 250 percent gain that made Broadcast.com a \$1 billion company in a matter of hours.

If penny stocks are excluded, no stock has ever risen so sharply on the opening day of trading, said Securities

Data Co., a research concern in Newark, New Jersey.

Netscape Communications Corp., which also had a stunning debut on Wall Street — rose 108 percent in its first day of trading in the summer of 1995. Netscape ended that day with a market value of \$2.2 billion. But few other start-ups have managed to translate their value into a \$1 billion public offering.

Broadcom Corp., a company in Irvine, California, that supplies the silicon chips used for high-speed data transmission, did so last April, reaching \$2.3 billion.

Broadcast.com — which lost about \$6 million last year — finished Friday with a market capitalization that just exceeded \$1 billion.

Before Friday, Secure Computing Corp., another Internet-related company, held the record for the biggest first-day percentage gain in trading, rising about 246 percent, to \$55, in November 1995. But shares of the company now trade for \$9.50.

But the Internet bookseller Amazon.com, which opened to the public a year ago at \$18, now trades for more than \$119 a share.

The founders of the company, Mark Cuban and Todd Wagner, are just the latest in a long line of entrepreneurs who have capitalized on Wall Street's love affair with Internet companies. Mr. Cuban, 39, is now worth about \$300 million. Mr. Wagner, 37, is worth close to \$170 million.

Broadcast.com, formerly named Audionet, has posted losses of \$12.9 million since it was founded in 1995. The company calls itself a "leading aggregator and broadcaster of streaming media programming on the Web."

Among its offerings are

live broadcasts from 345 radio stations and 17 television stations and cable networks.

Not everyone, however, is enthusiastic about the company's prospects. Ryan Jacob, director of research at IPO Value Monitor, a New York research firm that specializes in initial public offerings, said investors should be cautious about sinking money into Internet start-ups, which have often lost money.

"For most Internet companies it's difficult to gauge how successful they'll be," he said. "Relatively speaking, Broadcast.com is doing well. But they're going to have to deal with problems in bandwidth, and over the long term they'll have to have access to content. Right now, a lot of companies get their content for free."

#### Short Sellers Stung

Many investors who have bet against Internet stocks this year are getting hit hard. Bloomberg News reported.

So-called short-sellers — investors who borrowed shares of companies such as Yahoo! and America Online Inc., speculating that the stocks would fall, letting them repay the loan with far cheaper shares — got caught in a "short squeeze" during the last few months, as the shares doubled and tripled in value.

An investor who sold 10,000 shares of Yahoo! short in early June could have been as much as \$1 million in the hole. Anyone who bet against America Online this year suffered, as the stock almost tripled, to \$128 from \$45.25 at the end of 1997.

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Recent technology articles: [www.ita.com/INTTECH/](http://www.ita.com/INTTECH/)

## REPUBLIC NEW YORK CORPORATION SAFRA REPUBLIC HOLDINGS S.A.

### Consolidated Statements of Condition and Summaries of Results

These statements and summaries represent the consolidated accounts of Republic New York Corporation and its wholly owned subsidiaries and of Safra Republic Holdings S.A. and its wholly owned subsidiaries. Republic New York Corporation owns 49.1% of Safra Republic Holdings S.A., which is accounted for by the equity method.

	REPUBLIC NEW YORK CORPORATION		SAFRA REPUBLIC HOLDINGS S.A.	
	June 30,		June 30,	
	1998	1997	1998	1997
(in thousands of US\$ except per share data)				
<b>Assets</b>				
Cash and due from banks	\$ 1,066,843	\$ 687,209	\$ 144,517	\$ 64,130
Interest-bearing deposits with banks	8,626,903	5,413,300	6,847,456	6,652,675
Precious metals	782,266	982,508	—	—
Investment securities	24,767,936	23,607,529	10,123,512	8,919,721
Trading account assets	4,242,167	4,826,330	314,902	224,184
Federal funds sold and securities purchased under resale agreements	2,218,397	2,094,029	—	—
Loans, net of unearned income	13,816,426	12,801,173	2,578,396	1,994,617
Allowance for credit losses	(326,776)	(325,580)	(135,552)	(120,917)
Other assets	4,734,920	5,965,180	878,655	806,628
<b>Total assets</b>	<b>\$ 59,919,082</b>	<b>\$ 56,051,732</b>	<b>\$ 20,751,886</b>	<b>\$ 18,541,038</b>
<b>Liabilities</b>				
Total deposits	\$ 34,220,625	\$ 33,234,918	\$ 15,285,993	\$ 14,396,996
Trading account liabilities	3,982,668	4,204,047	273,524	194,034
Short-term borrowings	10,214,634	6,972,685	1,575,152	1,231,270
Other liabilities	3,131,440	4,073,638	728,808	476,289
Long-term debt	1,883,884	1,499,051	725,852	543,974
Subordinated long-term debt and perpetual capital notes	2,650,000	2,400,000	250,000	—
Mandatorily redeemable preferred securities	350,000	350,000	—	—
<b>Shareholders' Equity</b>				
Cumulative preferred stock	500,000	400,000	6,875	—
Common stock and surplus, net of treasury shares	658,946	731,578	1,083,501	891,656
Retained earnings	2,428,203	2,093,515	870,043	699,024
Accumulated other comprehensive income (loss), net of taxes	(101,318)	92,300	(47,862)	107,795
<b>Total shareholders' equity</b>	<b>3,485,831</b>	<b>3,317,393</b>	<b>1,912,557</b>	<b>1,698,475</b>
<b>Total liabilities and shareholders' equity</b>	<b>\$ 59,919,082</b>	<b>\$ 56,051,732</b>	<b>\$ 20,751,886</b>	<b>\$ 18,541,038</b>
Book value per common share	\$ 27.64	\$ 26.61	\$ 24.21	\$ 24.06
Client portfolio assets held in custody	\$ 236,311	\$ 220,749	\$ 150,580	\$ 119,603
Net income, for the six months ended	\$ 2,08	\$ 1.94	\$ 2.08	\$ 1.68
Net income per common share - diluted	106,694	107,412	71,127	71,090
Average common shares outstanding - diluted				

#### Risk-Based Capital Ratios

As of June 30, 1998, Republic New York Corporation's risk-based core capital ratio was 12.70% (estimated) and total qualifying capital ratio was 21.10% (estimated). The ratios include the assets, risk-weighted in accordance with the requirements of the Federal Reserve Board specifically applied to Republic New York Corporation on a fully consolidated basis, and capital of Safra Republic Holdings S.A. Total consolidated assets under these requirements exceeded US\$ 75 billion and total consolidated capital, including minority interest and subordinated debt, exceeded US\$ 7.8 billion.

Republic New York Corporation  
Fifth Avenue at 40th Street  
New York, New York 10018

Safra Republic Holdings S.A.  
32, boulevard Royal  
L-2449 Luxembourg

**Branching Locations**  
New York • Geneva • London • Beijing • Beirut • Beverly Hills • Buenos Aires • Cayman Islands • Copenhagen • Encino • Gibraltar • Guernsey  
Hong Kong • Istanbul • Jakarta • Los Angeles • Lugano • Luxembourg • Manila • Mexico City • Miami • Milan • Monte Carlo • Montevideo • Montreal  
Moscow • Nassau • Paris • Punta del Este • Rio de Janeiro • Santiago • Sao Paulo • Singapore • Sydney • Taipei • Tokyo • Toronto • Zurich

Figures as of close  
of trading Friday, July 17

[illegible]

# Paris Seeks Alternative to London-Frankfurt Bourse

**Bloomberg News**

PARIS — The Paris Bourse is planning an alliance with European exchanges left out of the partnership announced between the London Stock Exchange and Frankfurt's Deutsche Boerse AG, the Paris chairman said.

Jean-Francois Theodore, chairman of SBF-Paris Bourse, which owns the French stock and derivatives markets, said that by September his company would present plans to form a rival multinational exchange that would include Spain, Italy, the Netherlands and Belgium. Paris is also discussing closer ties with the New York Stock Exchange, which might also be linked to this rival European market.

"The European market will be sufficiently large, deep and healthy for us to see two rival trading networks develop side by side, which will be beneficial for most market partic-

ipants," Mr. Theodore said in an interview with the French daily Le Figaro.

The London Stock Exchange and Deutsche Boerse AG, the two largest European exchanges, said July 7 they would end decades of rivalry and jointly develop a single market with an electronic trading system. The announcement spurred almost every other European exchange to begin talks on an alternative alliance.

The London-Frankfurt alliance had offered Paris a 20 percent stake, which the French found insufficient.

Mr. Theodore said the British and German exchanges had treated other European bourses like "second-class citizens," closing the door to them for a year while working out regulatory, technical and pricing matters.

"It's unreasonable to expect us to sit idly for one year without reacting, waiting passively to see what comes out of talks in

which we are not involved," Mr. Theodore told Le Figaro.

The Paris Bourse is the first to propose an alternative to the London-Frankfurt alliance. Other European exchanges are considering their options. Raymond Salet, a spokesman for the Amsterdam Exchanges, said before the Paris plan was reported that his bourse saw London-Frankfurt not as a threat "but as an opportunity."

On Thursday, Rolf Breuer, the chairman of Deutsche Boerse, said in an interview with the Milan financial daily MF that the success of the Frankfurt-London alliance depended on the participation of the Paris Bourse and of other European exchanges.

Mr. Breuer added, though, that shareholders in the new company "will depend on how many products each stock exchange offers the European platform."

Mr. Theodore of the Paris Bourse told the

Financial Times on the same day that Paris was not interested in joining unless the terms were changed drastically to include equal representation for Paris and other exchanges.

He said the London-Frankfurt agreement was not pan-European "but more like a duopoly," and said it had left other European exchanges "puzzled and worried."

"If the U.S. market is big enough to support two competing exchanges," The New York Stock Exchange and the Nasdaq Stock Market — "then we can do it in Europe," Mr. Theodore said.

Mr. Theodore said the Paris Bourse and the New York Stock Exchange had been "working on an idea that goes beyond the concept of just a pan-European market. One that answers the global markets' needs by providing opportunities to trade benchmark stocks 16 hours a day."

## U.S. Free-Market Missionary

Rubin Praises Africa's Course but Hears Critics, Too

By James Rupert  
Washington Post Service

ABIDJAN, Ivory Coast — In the most extensive trip to Africa by a U.S. Treasury secretary, Robert Rubin preached the Clinton administration's gospel — that free markets and good government will draw trade and investment that can build up the economies of the world's poorest continent.

Mr. Rubin was returning Sunday to Washington, ending an eight-day, five-nation visit that reinforced the themes of President Bill Clinton's African tour in March. In speeches to African policymakers, economists and business leaders, Mr. Rubin pressed African states to continue the politically difficult economic reforms that most black African states have started but many have avoided.

In South Africa, Namibia

and Mozambique, Mr. Rubin praised governments for their economic austerity and liberalization. In Kenya, he said reforms had been delayed and implied that official corruption was a root cause.

In polite tones, Africans also pressed Mr. Rubin, notably with concerns that Washington's recent emphasis on African trade and investment might mask a continued U.S. retreat from giving economic aid to help Africa develop.

In the Ivory Coast, speaking at the African Development Bank, Mr. Rubin noted that recent reforms had helped some of the 48 nations of sub-Saharan Africa, with 16 of them averaging 5 percent annual growth between 1995 and 1997.

As a result, "investors have begun — although this is still a beginning — to take a new look" at liberalized Af-

rican economies, he said.

Still, Mr. Rubin said, Africa received only 2 percent to 3 percent of the private capital invested last year for the long term in all developing countries. African governments have "an enormous amount to do" in cutting budgets and making freer, fairer markets for business, he said.

"Pursuing policies for success in the global economy is exceedingly difficult," Mr. Rubin said. "But you can't, and we can't, turn away from this challenge."

Mr. Rubin outlined the African Growth and Opportunity Act, the centerpiece of the Clinton administration's African economic policy. The bill would offer increased access to the U.S. market — particularly for textiles — to African nations that liberalize their economies and politics. It has been passed by the House of Representatives and is in a



Treasury Secretary Robert Rubin with President Daniel arap Moi in Kenya.

Senate committee — and Mr. Rubin said the administration was hopeful, but uncertain, of getting it passed this year.

After Mr. Rubin spoke, African Development Bank officials rose to question him, and praised the aim of opening U.S. markets to African trade. But they stressed that more economic aid — and forgiveness of crushing debts

contracted partly as a result of Cold War politics — was necessary to help build infrastructure and otherwise prepare this, the least developed continent, to compete in international markets.

Mr. Rubin conceded that Western aid had grown harder to find, even as many African countries pursue reforms. He pledged continued

U.S. assistance, without specifying figures.

Still, unlike previous years, in proposing the fiscal 1999 budget the administration failed to ask Congress to specifically earmark aid requested for Africa. Money that is not earmarked risks being rerouted to other purposes later in the spending process.

In South Africa, Mr. Rubin gave his support to the ruling African National Congress in its tussle with its longtime allies, the Communist Party and the labor movement. The ANC government is cutting the budget, including jobs; selling state-owned firms and pressing unions for concessions over working conditions.

Such market-centered policies reversed the ANC's long-standing socialist orientation — and, according to the Communists and labor, they betray the millions of poor blacks on whose behalf the ANC overthrew apartheid.

Mr. Rubin did not comment specifically on that political debate but stressed that the government was "on the right track" for economic growth.

Mr. Rubin chose Kenya as the place to underscore problems of corruption. In his visit to Africa, Mr. Clinton bypassed Kenya largely because of the authoritarian rule of President Daniel arap Moi, and U.S. officials portrayed Mr. Rubin's visit as a chance to deliver tough talk about the need for democratization and economic liberalization. After seeing Mr. Moi, Mr. Rubin told Kenyan officials at the School for Monetary Studies in Nairobi that "Kenya was on a good reform track for some time, had attracted capital and was starting to achieve strong growth," but "is now going in the opposite direction."

## STRIKE:

An Era Is Recalled  
Continued from Page 11

of bargaining. The focus used to be wages and fringe benefits, but now that auto workers are well paid, it has shifted to issues of job security, like getting GM to pledge not to move a plant's work to Mexico.

Not surprisingly, the White House paid far more attention when a basic industry's bargaining was national, not local, and focused on wages. With economists frequently dwelling on wage inflation in decades past, there was great fear that a generous steel or auto settlement would percolate liberally through the economy.

In the '50s, '60s and '70s, regardless of what kind of political administration was in office — Democratic, Republican, liberal or conservative — every major negotiation in auto, steel, rubber, glass, was followed with keen interest by the administration, said Dale Brickner, a professor emeritus of labor relations at Michigan State University. "I remember President Lyndon Johnson saying, 'You all better have a nice deal because we don't want to have this pushing up inflation.'"

But today, with so many auto strikes beginning as local brush fires, presidents cannot be expected to get involved early on. Still, now that the GM strike has erupted into a conflagration, many labor experts are wondering whether the Clinton administration will start pressing the two sides to settle in the hope of containing the economic damage.

## UNION: United Airlines Passenger-Service Workers Organize

Continued from Page 11

knowledge that United, perhaps because it is largely employee-owned, had not fought the union with nearly as much vigor as most employers.

John Edmondson, the president of United Airlines, congratulated the International Association of Machinists for "an effective campaign," adding, "Now that employees have made their choice, we will work with the IAM closely and cooperatively to negotiate a fair and equitable contract."

The Railway Labor Act governed the unionization effort and required that more than half of all the passenger-service workers mail in ballots supporting unionization. There were 17,938 eligible voters; 9,485 cast their ballots for the machinists

and 34 for other unions.

According to statistics compiled by the AFL-CIO and the National Labor Relations Board, the machinists' victory is labor's biggest private-sector triumph since 19,000 workers at a Newport News, Virginia, shipyard voted to unionize in 1978.

The most enthusiastic voices in favor of unionizing were workers in the lowest-paid third tier, who usually start at around \$6.50 an hour and can climb to a maximum of \$8.60, without ever being able to reach the \$18 an hour earned by experienced first-tier reservations takers and gate agents. The third tier applies to workers hired after the stock ownership plan went into effect in July 1994.

"The union will mean better wages and better health insurance," said Marie Scott, a reservations agent in

Denver. "The pay scale is ridiculous. In June, I was the highest-generating revenue person in my department. I made \$685 in sales in an hour, and I was making just \$6.65 an hour. It's a joke."

Many experienced first-tier workers also backed the union, often saying they feared that without a union contract, United might cut the pensions and health insurance promised them after retirement. Many first-tier workers also complained that their job was made far harder by the high employee turnover generated by the low pay the third-tier workers receive.

As John Sweeney, president of the AFL-CIO, has prodded unions to do more organizing, many unions have focused on air passenger-service workers. They are the only part of the industry that is not already unionized.

## British Aerospace Deemed Likely Buyer of CASA Stake

LONDON — British Aerospace PLC is likely to buy a stake in Construcciones Aeronauticas SA, the state-owned Spanish aerospace company, driving consolidation of Europe's fragmented defense industry, analysts said.

The Spanish government said Friday that it planned to sell a stake in Construcciones Aeronauticas, or CASA, to a corporate buyer in order to strengthen a subsequent public offering of shares in the company, which employs 8,200 people and has annual sales of about \$670 million.

European defense contractors have come under pressure as government military spending has dropped 40 percent over the last decade. They also lag U.S. defense contractors, which grew more efficient through a wave of mergers in the early 1990s.

A successful CASA sale would bring the Continent closer to European leaders' goal of a single company capable of matching larger U.S. rivals such as Lockheed Martin Corp. and Boeing Co.

The purchase of a CASA stake would "strengthen BAE's hand quite significantly and perhaps spur

on consolidation," said Guy Hewett of Charterhouse Tilney Securities.

The Swedish aircraft-maker Saab AB provided a model in June when it sold a minority stake on the stock market as well as 35 percent stake to BAE.

CASA is a partner of BAE, Daimler-Benz Aerospace AG of Germany and Aerospatiale SA of France in the civilian aircraft manufacturer Airbus Industrie. It also is a partner of BAE and the unit of Daimler-Benz AG in making the Eurofighter military jet.

Spain's commitment to a publicly traded CASA eliminates state-

owned Aerospace of France as a stakeholder. With Daimler-Benz focused on its \$40 billion purchase of Chrysler Corp., analysts view BAE as the most likely buyer.

France has resisted consolidation of its state-owned defense industry, but a BAE purchase of the CASA stake could send a signal to the French government that it will be left behind unless it changes tack.

A BAE spokesman said he would not rule a purchase "in or out." A Daimler-Benz Aerospace spokesman said, "Everyone is speaking to everyone else" in Europe's defense industry.

## TRADERS: European Brokers Harness Net for Investments

Continued from Page 1

European exchanges. The long-range goal, however, is to expand the system gradually into a truly global market place where investors in any country will be able to trade freely in shares across national boundaries.

For while European Internet usage still lags behind the United States, it is expected to grow rapidly in the next several years.

On a recent trip to London, Mr. English, who lives and works in Sheffield, in northern England, met with dozens of amateur Internet traders to forge plans for Web investor clubs throughout Britain and to gain readers and contributors to the weekly magazine he and fellow private investors post on the Web ([www.angelfire.com/al/bbbugle](http://www.angelfire.com/al/bbbugle)).

For European banks and brokers, the American invasion is likely to accelerate the spread of electronic financial services and bring prices down. In Finland, more than 420,000 customers of Merita Bank, more than a quarter of its client base, bank on-line, including trading stocks by computer.

In Germany, many banks, including the market leader, Deutsche Bank AG, have full-service electronic operations, and the main activity is stock brokerage. In France, Groupe Wargny, the brokerage arm of which is 19 percent owned by Dresdner, has established a strong presence with its Teleshare on-line trading system.

Moreover, the advent of Europe's single currency, which gradually will replace national currencies beginning Jan. 1, 1999, will foster the spread of stock trading across national boundaries. Earlier this month, for instance, the stock exchanges in Frankfurt and London announced plans to form a partnership and invited other European bourses to join.

The American on-line firms, despite their aggressive plans, will not have it easy.

To build a European business, the American brokers are applying various formulas that often correspond to those they found worked at home.

Schwab, for example, built a beachhead in Britain, first by acquiring Sharelink Investment Services, one of Britain's largest discount brokers, in 1995 and then earlier this year launching on-line brokerage services like it has in the United States. But Schwab also offers full-service brokerage services, and an interactive phone system like its domestic United States "Telebroker" service. Next, Schwab wants to encourage customers in Britain and the United States to

trade across the Atlantic, by enabling them to buy and sell shares on both countries' stock exchanges, which requires payment and clearing arrangements and regulatory approval in New York and London.

Other U.S. firms, like E-Trade, are signing up local partners, and licensing their systems to spread the risks. This spring, E-Trade announced a joint venture in Britain and licensing deals for Germany and central Europe. Those moves followed the start of operations in Canada and Australia, and go hand in hand with expansion into Asian countries like Japan. "We are moving parallel on a number of markets," said Judy Balint, E-Trade's head of global marketing.

Such aggressive expansion has European stock market regulators on edge. With most brokers still targeting national markets, regulatory systems have yet to be tested. E-Trade began advertising its services in Britain even before forming a joint venture there, but was whistled back by British stock exchange regulators.

Now, though most American on-line brokers accept European customers for trades on United States exchanges, they refrain from actively advertising for such business so as to avoid ranking European regulators, who worry about their inability to protect investors who trade outside their jurisdiction.

In the meantime, European banks and brokers are not waiting for governments to protect their business. Barclays PLC, one of the largest British banks with 2,500 branches throughout the country, will be the

first to fight off the competition when it launches its own on-line brokerage service in September, complete with financial information and a real-time share trading service.

Phillip Bungey, head of research and development at Barclays Stockbrokers, said Barclays would let customers trade in about 2,000 companies on the London Stock Exchange and the Alternative Investment Market, a small-companies market. In the future, he said, Barclays wants to enable its customers to trade electronically on American exchanges, like Nasdaq.

Justin Urquhart Stewart, director of corporate development at Barclays Stockbrokers, said brand loyalty could give domestic European brokers a leg up on the American competition. "We control 15 to 20 percent of the British market" for stock trading, he said.

Indeed, some American players have already dropped out of the European game. Earlier this year, Fidelity Investments FMR announced it was shutting down its on-line discount brokerage business in London, after computer problems drew criticism from London securities regulators.

Increasingly, American on-line brokers will be squeezed by the very revolution they have helped start. Mr. Eckstein predicts a "major collapse" of commission fees. He noted that in the United States, commissions for Internet trades have dipped as low as \$5 a transaction since Web trading surfaced about four years ago. "The same will happen in Europe," he said, as consumers surf the Internet in search of cheaper financial services.

of bargaining. The focus used to be wages and fringe benefits, but now that auto workers are well paid, it has shifted to issues of job security, like getting GM to pledge not to move a plant's work to Mexico.

Not surprisingly, the White House paid far more attention when a basic industry's bargaining was national, not local, and focused on wages. With economists frequently dwelling on wage inflation in decades past, there was great fear that a generous steel or auto settlement would percolate liberally through the economy.

In the '50s, '60s and '70s, regardless of what kind of political administration was in office — Democratic, Republican, liberal or conservative — every major negotiation in auto, steel, rubber, glass, was followed with keen interest by the administration, said Dale Brickner, a professor emeritus of labor relations at Michigan State University. "I remember President Lyndon Johnson saying, 'You all better have a nice deal because we don't want to have this pushing up inflation.'"

But today, with so many auto strikes beginning as local brush fires, presidents cannot be expected to get involved early on. Still, now that the GM strike has erupted into a conflagration, many labor experts are wondering whether the Clinton administration will start pressing the two sides to settle in the hope of containing the economic damage.

## SHORT COVER

### Bouygues Seeks Stronger Defense

PARIS (Bloomberg) — Martin Bouygues, the chairman of Bouygues SA, the French construction and media giant, has applied to regulators to end an agreement between the Bouygues family and the investor Vincent Bolloré.

Mr. Bouygues said that Mr. Bolloré, who owns 10.2 percent of Bouygues, had not lived up to a December promise to "act in concert" with the family — a type of agreement that under French regulations helps a family retain control of a company even if its stake alone is not big enough. Mr. Bolloré has a history of taking over family companies and has criticized the management of Bouygues and questioned its commitment to the telecommunications business.

### Airbus Expected to Get UPS Order

TOULOUSE, France (Bloomberg) — Airbus Industrie is in final negotiations with UPS Airlines, the world's largest package delivery company, about a firm order for around 30 A300-600 airplanes, a person familiar with the talks said Sunday. Such an order would be worth around \$2.7 billion and would allow Airbus to continue running production lines for the model, which has not sold well.

Airbus could not immediately be reached for comment. UPS is a unit of United Parcel Service of America Inc.

### Singapore Retailer Leaves Malaysia

SINGAPORE (AP) — NTUC Fairprice, the largest supermarket chain in Singapore, has closed all seven outlets in neighboring Malaysia because of the economic downturn and poor performance there, The Sunday Times of London reported.

The retailer, owned by the National Trade Union Congress of Singapore, established stores in Malaysia in 1994 under a joint venture with Hong Leong Group of Malaysia.

### French Software Company Sold

FRANKFURT (Bloomberg) — Mensch & Maschine AG, a German software maker, has bought CADFrance SA, another software company, for an undisclosed sum in a move that it said would increase sales in France sixfold by next year. Mensch & Maschine said the acquisition would increase its sales in France to 50 million Deutsche marks (\$28 million) in 1999 from 8 million DM last year.

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**PANDA SICAV**  
Société d'Investissement à Capital Variable  
10A, Boulevard Royal, Luxembourg  
R.C. Luxembourg B 58.111  
**NOTICE TO THE SHAREHOLDERS**  
The Board of Directors has decided on December 19, 1997 to appoint Comgest (Far East) Ltd in replacement of Comgest S.A., Paris, by an agreement dated June 16, 1998 which has become effective on July 1, 1998.  
The prospectus modified in consequence is available at the registered office, 10A, Boulevard Royal, Luxembourg.  
For the Board of Directors

**ASIAN CAPITAL HOLDINGS FUND**  
Registered Office: 20, Boulevard Emmanuel Servais, L-2535 Luxembourg  
R.C. Luxembourg B 43.100  
**NOTICE TO THE SHAREHOLDERS**  
Notice is hereby given that the Board of Directors of ASIAN CAPITAL HOLDINGS FUND has decided to amend the prospectus as follows:  
1. Last paragraph, page 13, under the heading "DISTRIBUTIONS", add at the end of the first sentence:  
"but they may propose, from time to time, at their discretion that the Fund pays a dividend".  
2. 2nd paragraph, page 35, under the heading "SHAREHOLDERS RIGHTS", must be read as follows:  
"The distribution of dividends may be decided by the Shareholders at the annual general meeting".  
A new Prospectus dated July 1998 will be available at the registered office of the Fund.  
For the Company  
**BANQUE DE GESTION EDMOND DE ROTHSCHILD**  
- Succursale de Luxembourg S.A. -  
20, Boulevard Emmanuel Servais  
L-2535 LUXEMBOURG

## Annual Reports

Please send me the Annual Reports for the following companies whose advertisements appeared in the *International Herald Tribune* on June 29 and July 7:

- 1 ☐ Clariden Bank 3 ☐ Dexia  
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Consolidated prices for all shares  
traded during week ended Friday  
July 17

Stocks	Day's High	Low	Close	Change
Am. Tobacco	37 1/2	37 1/4	37 1/2	+1/4
Am. Sugar	37 1/2	37 1/4	37 1/2	+1/4
Am. Oil	37 1/2	37 1/4	37 1/2	+1/4
Am. Cotton	37 1/2	37 1/4	37 1/2	+1/4
Am. Lumber	37 1/2	37 1/4	37 1/2	+1/4
Am. Grain	37 1/2	37 1/4	37 1/2	+1/4
Am. Meat	37 1/2	37 1/4	37 1/2	+1/4
Am. Dairy	37 1/2	37 1/4	37 1/2	+1/4
Am. Textile	37 1/2	37 1/4	37 1/2	+1/4
Am. Chemical	37 1/2	37 1/4	37 1/2	+1/4
Am. Pharmaceutical	37 1/2	37 1/4	37 1/2	+1/4
Am. Electronics	37 1/2	37 1/4	37 1/2	+1/4
Am. Aerospace	37 1/2	37 1/4	37 1/2	+1/4
Am. Defense	37 1/2	37 1/4	37 1/2	+1/4
Am. Energy	37 1/2	37 1/4	37 1/2	+1/4
Am. Utilities	37 1/2	37 1/4	37 1/2	+1/4
Am. Telecommunications	37 1/2	37 1/4	37 1/2	+1/4
Am. Media	37 1/2	37 1/4	37 1/2	+1/4
Am. Retail	37 1/2	37 1/4	37 1/2	+1/4
Am. Healthcare	37 1/2	37 1/4	37 1/2	+1/4
Am. Financial	37 1/2	37 1/4	37 1/2	+1/4
Am. Real Estate	37 1/2	37 1/4	37 1/2	+1/4
Am. Transportation	37 1/2	37 1/4	37 1/2	+1/4
Am. Shipping	37 1/2	37 1/4	37 1/2	+1/4
Am. Airline	37 1/2	37 1/4	37 1/2	+1/4
Am. Hotel	37 1/2	37 1/4	37 1/2	+1/4
Am. Restaurant	37 1/2	37 1/4	37 1/2	+1/4
Am. Entertainment	37 1/2	37 1/4	37 1/2	+1/4
Am. Sports	37 1/2	37 1/4	37 1/2	+1/4
Am. Gambling	37 1/2	37 1/4	37 1/2	+1/4
Am. Insurance	37 1/2	37 1/4	37 1/2	+1/4
Am. Banking	37 1/2	37 1/4	37 1/2	+1/4
Am. Finance	37 1/2	37 1/4	37 1/2	+1/4
Am. Investment	37 1/2	37 1/4	37 1/2	+1/4
Am. Hedge Fund	37 1/2	37 1/4	37 1/2	+1/4
Am. Private Equity	37 1/2	37 1/4	37 1/2	+1/4
Am. Venture Capital	37 1/2	37 1/4	37 1/2	+1/4
Am. Angel Investor	37 1/2	37 1/4	37 1/2	+1/4
Am. Crowdfunding	37 1/2	37 1/4	37 1/2	+1/4
Am. P2P Lending	37 1/2	37 1/4	37 1/2	+1/4
Am. Robo-Advisor	37 1/2	37 1/4	37 1/2	+1/4
Am. Cryptocurrency	37 1/2	37 1/4	37 1/2	+1/4
Am. Blockchain	37 1/2	37 1/4	37 1/2	+1/4
Am. AI	37 1/2	37 1/4	37 1/2	+1/4
Am. Big Data	37 1/2	37 1/4	37 1/2	+1/4
Am. Cloud Computing	37 1/2	37 1/4	37 1/2	+1/4
Am. Cybersecurity	37 1/2	37 1/4	37 1/2	+1/4
Am. IoT	37 1/2	37 1/4	37 1/2	+1/4
Am. AR/VR	37 1/2	37 1/4	37 1/2	+1/4
Am. Robotics	37 1/2	37 1/4	37 1/2	+1/4
Am. Space Exploration	37 1/2	37 1/4	37 1/2	+1/4
Am. Satellite	37 1/2	37 1/4	37 1/2	+1/4
Am. Quantum Computing	37 1/2	37 1/4	37 1/2	+1/4
Am. Nanotechnology	37 1/2	37 1/4	37 1/2	+1/4
Am. Biotechnology	37 1/2	37 1/4	37 1/2	+1/4
Am. Genetic Engineering	37 1/2	37 1/4	37 1/2	+1/4
Am. CRISPR	37 1/2	37 1/4	37 1/2	+1/4
Am. Stem Cell Research	37 1/2	37 1/4	37 1/2	+1/4
Am. Regenerative Medicine	37 1/2	37 1/4	37 1/2	+1/4
Am. Precision Medicine	37 1/2	37 1/4	37 1/2	+1/4
Am. Personalized Medicine	37 1/2	37 1/4	37 1/2	+1/4
Am. Digital Health	37 1/2	37 1/4	37 1/2	+1/4
Am. Telemedicine	37 1/2	37 1/4	37 1/2	+1/4
Am. Remote Patient Monitoring	37 1/2	37 1/4	37 1/2	+1/4
Am. Wearable Devices	37 1/2	37 1/4	37 1/2	+1/4
Am. Smart Home	37 1/2	37 1/4	37 1/2	+1/4

Rank	Name	Rate	Branch	Service	Remarks
1	John A. Smith	Private	Infantry	10 years	Good
2	James B. Jones	Private	Infantry	8 years	Good
3	Robert C. Brown	Private	Infantry	6 years	Good
4	William D. White	Private	Infantry	4 years	Good
5	Charles E. Black	Private	Infantry	2 years	Good
6	Thomas F. Green	Private	Infantry	1 year	Good
7	Richard H. Gray	Private	Infantry	1 year	Good
8	Henry I. Blue	Private	Infantry	1 year	Good
9	George J. Red	Private	Infantry	1 year	Good
10	Frank K. Yellow	Private	Infantry	1 year	Good
11	Edward L. Purple	Private	Infantry	1 year	Good
12	Albert M. Brown	Private	Infantry	1 year	Good
13	John N. Green	Private	Infantry	1 year	Good
14	William O. White	Private	Infantry	1 year	Good
15	Charles P. Black	Private	Infantry	1 year	Good
16	Thomas Q. Gray	Private	Infantry	1 year	Good
17	Richard R. Blue	Private	Infantry	1 year	Good
18	Henry S. Red	Private	Infantry	1 year	Good
19	George T. Yellow	Private	Infantry	1 year	Good
20	Frank U. Purple	Private	Infantry	1 year	Good
21	Edward V. Brown	Private	Infantry	1 year	Good
22	Albert W. Green	Private	Infantry	1 year	Good
23	John X. White	Private	Infantry	1 year	Good
24	William Y. Black	Private	Infantry	1 year	Good
25	Charles Z. Gray	Private	Infantry	1 year	Good
26	Thomas AA. Blue	Private	Infantry	1 year	Good
27	Richard AB. Red	Private	Infantry	1 year	Good
28	Henry AC. Yellow	Private	Infantry	1 year	Good
29	George AD. Purple	Private	Infantry	1 year	Good
30	Frank AE. Brown	Private	Infantry	1 year	Good
31	Edward AF. Green	Private	Infantry	1 year	Good
32	Albert AG. White	Private	Infantry	1 year	Good
33	John AH. Black	Private	Infantry	1 year	Good
34	William AI. Gray	Private	Infantry	1 year	Good
35	Charles AJ. Blue	Private	Infantry	1 year	Good
36	Thomas AK. Red	Private	Infantry	1 year	Good
37	Richard AL. Yellow	Private	Infantry	1 year	Good
38	Henry AM. Purple	Private	Infantry	1 year	Good
39	George AN. Brown	Private	Infantry	1 year	Good
40	Frank AO. Green	Private	Infantry	1 year	Good
41	Edward AP. White	Private	Infantry	1 year	Good
42	Albert AQ. Black	Private	Infantry	1 year	Good
43	John AR. Gray	Private	Infantry	1 year	Good
44	William AS. Blue	Private	Infantry	1 year	Good
45	Charles AT. Red	Private	Infantry	1 year	Good
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47	Richard AV. Purple	Private	Infantry	1 year	Good
48	Henry AW. Brown	Private	Infantry	1 year	Good
49	George AX. Green	Private	Infantry	1 year	Good
50	Frank AY. White	Private	Infantry	1 year	Good
51	Edward AZ. Black	Private	Infantry	1 year	Good
52	Albert BA. Gray	Private	Infantry	1 year	Good
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54	William BC. Red	Private	Infantry	1 year	Good
55	Charles BD. Yellow	Private	Infantry	1 year	Good
56	Thomas BE. Purple	Private	Infantry	1 year	Good
57	Richard BF. Brown	Private	Infantry	1 year	Good
58	Henry BG. Green	Private	Infantry	1 year	Good
59	George BH. White	Private	Infantry	1 year	Good
60	Frank BI. Black	Private	Infantry	1 year	Good
61	Edward BJ. Gray	Private	Infantry	1 year	Good
62	Albert BK. Blue	Private	Infantry	1 year	Good
63	John BL. Red	Private	Infantry	1 year	Good
64	William BM. Yellow	Private	Infantry	1 year	Good
65	Charles BN. Purple	Private	Infantry	1 year	Good
66	Thomas BO. Brown	Private	Infantry	1 year	Good
67	Richard BP. Green	Private	Infantry	1 year	Good
68	Henry BQ. White	Private	Infantry	1 year	Good
69	George BR. Black	Private	Infantry	1 year	Good
70	Frank BS. Gray	Private	Infantry	1 year	Good
71	Edward BT. Blue	Private	Infantry	1 year	Good
72	Albert BU. Red	Private	Infantry	1 year	Good
73	John BV. Yellow	Private	Infantry	1 year	Good
74	William BW. Purple	Private	Infantry	1 year	Good

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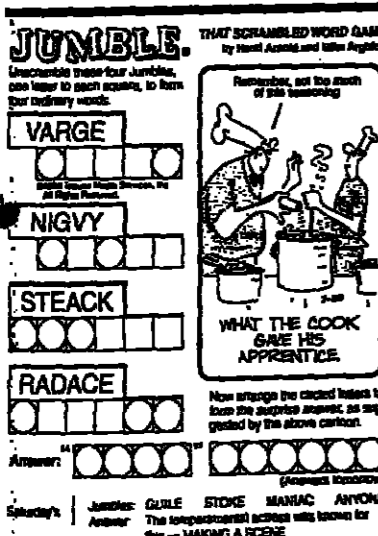
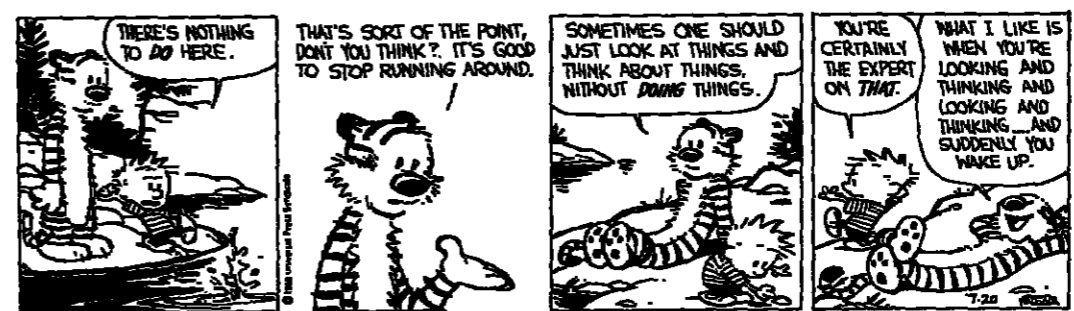
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## SPORTS

## Ulrich Loses Yellow Jersey To Cofidis Frenchman

International Herald Tribune

MONTAUBAN, France — Jan Ulrich, the defending champion in the Tour de France, lost the yellow jersey Sunday, a day after he gained it, but neither the German nor his Telekom team cared.

In spite of all his troubles with excess weight earlier this season, Ulrich did not lose the lead because he is not a flash

### TOUR DE FRANCE

in the pan in this year's Tour. He was, instead, the victim of a tactical miscalculation. A long, multirider breakaway was allowed to gain too much time on a blazingly hot eighth stage as the Tour moved toward the Pyrenees.

As a result, the overall leader is Laurent Desbiens, a Frenchman with Cofidis, not hitherto celebrated in song and story. Second overall is Andrea Tafi, an Italian with Mapei, another non-climber. Third is Jacky Durand, a Frenchman with Casino, who has even less uphill speed than Desbiens and Tafi.

But give Durand a relatively flat road with no more than a handful of minor climbs, as he had Sunday on the 190.5-kilometer (118-mile) journey from Brive la Gaillarde to Montauban in the southwest, and he can motor.

Durand was timed in 4 hours, 40 minutes, 55 seconds, a speed of 40 kilometers per hour, as he won a sprint among the seven survivors of what had been a mass breakaway for nearly 120 kilometers. All the fugitives were far down in the standings after Saturday's long individual time trial, and riders of that rank are often allowed to try their luck ahead of the overall leader.

The principle is that such an attack neutralizes the leader's real rivals back in the pack while none of the men in the breakaway will gain enough time to take the yellow jersey. Back to the drawing board.

Second in the finish was Tafi, with Fabio Sacchi, an Italian with Poldi, third. Desbiens, the highest ranking among the six after the time trial, did not contest the sprint, knowing that he was now the overall leader. He finished fifth.

Seven minutes, 45 seconds later, Ulrich and the main pack arrived.

Since Desbiens had started the day 4:30 behind and gained some bonus seconds en route, he leads Tafi by 14 seconds, Durand by 43, and Joona Laakso, a Finn with Lotto and another member of the breakaway, by 2:54. In fifth place, but first in the real world, is Ulrich, 3:21 behind.

The stage passed with no reaction to the Festina team's expulsion other than about a dozen supportive signs by fans.

—SAMUEL ABT



Fans of the Festina team holding up a banner Sunday as the decisive breakaway rode past toward Montauban.

## Bitter Farewell for Expelled Festina

By Samuel Abt

International Herald Tribune

CORREZE, France — The Tour de France and the Festina team riders finally parted company in the back room of a café near the finish of the seventh of 21 stages.

Jean-Marie Leblanc, the Tour's director, met with six of the team's nine riders there Saturday, to confirm that they had been thrown out of the race.

"They are out of the race, period," he said over his shoulder as he hurried away.

A quarter-hour after he left the steamy café, Chez Gillou, the Festina riders began to emerge in the blue uniforms of their team. Their spokesman was the team leader, Richard Virenque, 28, a Frenchman who finished second overall in the last Tour and who has won the king-of-the-mountains jersey the last four years.

"We've been ordered out," he said. "O.K., let the Tour continue without us. It has to continue because it's such a great, popular event."

"We asked to continue because there are no charges, no witnesses against us. They said no. This is very difficult personally and professionally for the riders. We'll continue as a team and ride the Vuelta in September," he added, referring to the Vuelta a Espana, a major three-week race in Spain.

"We'll be at the start of the Tour de France next year and we'll come to win. Vive le Tour de France 1998," Virenque concluded as his voice cracked and he began weeping.

Leblanc announced late Friday night

that the entire team was being expelled after its coach had said that he had supplied the riders with illegal, performance-enhancing drugs.

"The object was to optimize performance under strict medical control," said a statement issued by Bruno Roussel, 41, the team's coach. Roussel was formally charged Friday with violating French laws against buying, transporting and distributing drugs and was in police custody in the northern city of Lille as the investigation continued.

"Those words constitute an oath," Leblanc said, citing Roussel's statement. "An oath that doping was conducted in the Festina team and that it was even organized doping." He then expelled the team, one of 21 in the Tour, for violating the well-being of the race.

The drugs reportedly included amphetamines, steroids, masking drugs and EPO, an artificial hormone that thickens the blood to carry more oxygen to muscles.

Other riders supported the Festina team after the news was made public. "Guilty by association and innuendo isn't the way to go," said Bobby Julich, an American with the Cofidis team, after he finished third in Saturday's stage, a 58-kilometer (36-mile) individual time trial. "These guys haven't been proven guilty. It's bad for them and worse for the sport."

"The Mapei team is stunned," said Freddy Viane, a Belgian masseur with the predominantly Italian team, which shared a hotel with Festina on Friday night. "It's like a hammer is coming down on everybody and the riders say, 'Who's next to be accused?'"

That was a good question. Although the use of illegal drugs has long been suspected in the professional pack, the thousands of drug checks carried out every season implicate fewer than a dozen riders. A major question has been whether the rumors are unfounded or whether the doctor that most teams employ is far ahead of the drug inspectors.

As a Festina official, who refused to be identified, said Saturday morning: "We're the scapegoats. They're using us as an example for a practice that is widespread in the sport."

The drug scandal began unfolding more than a week ago, when a team worker was arrested in an official Tour team car that was full of illegal substances.

"The scandal's a shame; it's terrible for the sport of cycling," Tyler Hamilton, an American with the U.S. Postal team, said after finishing second in Saturday's individual time trial. "But maybe this is going to open some eyes and change things."

"We had to wake up at 6 o'clock this morning," he added. Early Saturday morning, officials of the International Cycling Union, which governs the sport, conducted surprise checks of riders' levels of red corpuscles. A finding above 50 percent is considered proof of the use of a hormone such as EPO.

Riders above that level are suspended for two weeks, as seven have been this season. The checks were carried out on 53 riders on six Tour teams and nobody failed them. They were the first tests administered since the start of the race in Dublin a week ago. Another 50 riders were tested Sunday.

the sarcastic rejoinder by Jacques Anquetil who won the race five times: "You don't race the Tour on mineral water."

Outside the café in Correze where six Festina riders met Leblanc Saturday sat Noel Dewinter, 50, who was on vacation from his financial-services job in Lille, the northern city where a judge is investigating the drug scandal.

"I'm not very interested in sports," Dewinter said, nursing a soft drink. "The only thing I follow is the Tour de France because it's such a great event. I've been watching it since I was a small boy."

He usually watched the Tour on television, he continued, especially the mountain stages. When he learned that the race was in the town where he and his wife were spending their annual four-week vacation, they came to the finish area to see the riders in person.

"This is a bad affair," he judged. "But you can't ruin the Tour for people. This is part of our patrimony. You can't let drugs spoil that. They've got to get this scandal over with."

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## Kiefer and Fans' Jeers Can't Stop Bjorkman

Swedes Take Commanding Davis Cup Lead

Compiled by Our Staff From Dispatches

HAMBURG — Jonas Bjorkman won a five-set struggle Sunday against Nicolas Kiefer as the defending champion Sweden ousted Germany to reach the semifinals of the Davis Cup.

Bjorkman outlasted Kiefer, 6-3, 4-6, 6-2, 5-7, 6-4, to give Sweden an insurmountable 3-1 lead in their World Group match. Kiefer, backed by 10,200

### DAVIS CUP TENNIS

spectators jeering every call by the line judges, failed twice to break Bjorkman's serve at 4-4 in the final set, then was broken on his next serve to end a wild match.

"I had doubts a lot of times I would win," said Bjorkman. "I didn't play well, but I never gave up."

Bjorkman, the world No. 9 who won three singles and went undefeated in doubles in Sweden's title run last year, appeared close to losing several times.

The Swede squandered a 40-0 lead at 4-4 in the final set, then was saved from a break when Kiefer netted an easy passing shot. His double fault also cost him a wild fourth set in which both players had trouble holding serve.

The crowd began to boo and jeer steadily as several close calls went against Kiefer early, with the German visibly upset.

Bjorkman had teamed up with Nicklas Kulti Saturday to give Sweden a 2-1 lead by beating Boris Becker and David Prinosil in the doubles.

Sweden, seeking a seventh title, will face Spain in the semifinals.

Spain 4, Switzerland 1 Carlos Moya won Spain a place in the semifinals for the first time in 11 years by beating Marc Rosset of Switzerland in straight sets in La Coruna, in northwest Spain.

Moya, the reigning French Open champion struggled a little before winning the first set 7-5 and getting into his

stride to take the second set 6-1. Rosset fought back in the third set, but could not prevent Moya from winning 7-5 and sealing victory for himself, his team and his country.

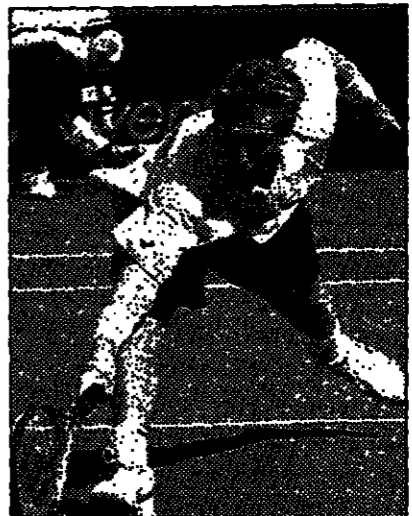
Alex Corretja beat George Bastl of Switzerland 6-0, 7-5 in the final match. Bastl, Swiss No. 3, substituted for Ivo Heuberger in the match that was limited to the best of three sets because the result was already decided.

On Saturday the Swiss duo of Rosset and Lorenzo Manta beat the Spanish pair Julian Alonso and Javier Sanchez Vicario in a five-set doubles match.

Italy 4, Zimbabwe 0 On Sunday, Italy completed a quarterfinal sweep as Diego Nargiso beat Genus Chidzikwo, 6-0, 6-2, and Davide Sanguinetti beat Wayne Black, 6-4, 3-6, 6-3.

Nargiso and Andrea Gaudenzi had beaten Wayne and Byron Black, 1-6, 7-5, 7-5, 6-3, on Saturday to give Italy a winning 3-0 lead.

(AP, AFP)



Bjorkman stretching for a return.

## U.S. Reaches Semifinals Of Davis Cup in a Struggle

By Robyn Norwood

Los Angeles Times Service

INDIANAPOLIS — The U.S. Davis Cup team had to overcome a couple of unexpected obstacles before it beat Belgium to roll into the semifinals.

The first twist Saturday came when Jim Courier was pressed into doubles duty for the first time in his Davis Cup career because Richey Reneberg needs knee surgery.

The second obstacle was Xavier Malisse of Belgium, who was making his Davis Cup debut the day before he turned 18. Malisse, it turns out, is a terrific young player.

Needing only a victory in doubles to clinch the best-of-five quarterfinal over Belgium and render the final two matches on Sunday moot, the U.S. team sweated out two tiebreakers in a five-set victory by Todd Martin and Courier over Malisse and Johan Van Herck, 5-7, 6-2, 6-7 (2-7), 7-6 (7-5), 6-1.

Tom Gullikson, the U.S. captain, said Saturday that the team he will pit against Italy in September at a yet-to-be-determined site in the United States will probably look exactly like this one — no Pete Sampras and no Michael Chang.

After being turned down by Sampras and Chang in the first two rounds, Gullikson is ready to stick with Andre Agassi, Courier, Martin and Reneberg, whose recovery from surgery to repair torn cartilage in his left knee is expected to take three to six weeks.

Courier played 92 games in two days after winning a four-set match Friday. Although his record in Davis Cup singles is only 14-8, the U.S. team has never lost in the 12 Davis Cup rounds he has played in.

Courier wouldn't comment on that impressive streak. "You don't talk about a no-hitter when you're in the dugout," he said.

Courier and Martin have played doubles together a couple of times but not recently.

"Todd and I know how to play tennis. It's not that we haven't played doubles, it's just that we haven't played together very much," Courier said.

Malisse and Van Herck had played together even less. But Malisse, who trains with Nick Bolleferri in Florida and has blond-streaked hair to go with his sideburns, also has a game that should make him a regular on Belgian Davis Cup teams.

In the last two rounds, "we've seen probably the two best young players in the world," Gullikson said, referring to Malisse and Marat Safin of Russia. Courier sees Malisse's potential too.

"There are a few young guys out there that look like they have some potential, and he's one of them," Courier said. "We'll see how it plays out. But he's got a nice-looking game, and good hair, too."

The idea that doubles would be a lark was put to rest in the first set, which the Belgians won, 7-5, breaking Courier's serve in the final game.

Courier and Martin won the second set and the third went to a tiebreaker, with Malisse hitting a smash for a 3-0 lead. Van Herck finished it off with a deep forehand lob to give the Belgians a 7-2 victory and the set.

The Americans needed a tiebreaker to keep from losing the match in the fourth, but that was when they took over. After falling behind, 2-0, they got back to 2-2 on Martin's net-cord winner. A Courier overhead made it 4-3 and the Belgians started to falter with unforced errors, eventually losing, 7-5, on a double hit by Van Herck.

That was about it. The Americans broke Van Herck in the second game of the final set and Malisse in the fourth as they took a commanding 5-0 lead.

## Trial for a Race That Has Changed With the Times

By Samuel Abt

International Herald Tribune

MONTAUBAN, France — Felix Levitan is a frail old man of 86 now, a dozen years removed from his post as co-director of the Tour de France. For the first time since then, he visited the race, going to the start in Dublin on July 11 as a guest of the organization.

"The size of it all," he exclaimed. He had read about what the French call the Tour's gigantisme but still could barely believe it. In his day, which began after World War II and lasted until 1987, the Tour was, by comparison, a norm-and-pop operation.

The Tour de France is indeed gigantic, which to many explains its decision to oust the nine riders of the Festina team on unproven charges by its jailed coach that he systematically provided the riders with illegal, performance-enhancing drugs.

"There is so much pressure on the Tour, on their image," said Richard Virenque, the leader of the team, as he gave his version Saturday of why he had been expelled. Some of his supporters go so far as to say that it was basically a business decision.

Defenders of the expulsion argue that it would look terrible if a Festina rider such as Virenque won the Tour or just a stage and then, months or years later, was proven guilty of doping. They also agreed with Jean-Marie Leblanc, the race's overall director, that sport, not scandal, had to return to center stage.

When the eighth of 21 stages began Sunday, Leblanc repeated that wish. "Conditions are excellent for the race," he said on the radio that links all cars, "and we hope that competition will once again exercise its right to dominate the attention of the public and the media."

As rhetoric goes, that was a fair ex-

ample of gigantisme itself. Levitan probably would have said, "Let's race and get this behind us."

In his time, the overall prize list was a small fraction of the 12 million French francs (\$2 million) it is now, with 2.2 million francs going to the winner. The number of accompanying journalists would fit into a small tent or covered marketplace and the loudspeakers blared accordion music, the songs of the French yesteryear, instead of rap.

In the small towns that the Tour visited, the apres-race entertainment was a breaky movie projector showing films

### NEWS ANALYSIS

of previous days' actions as motifs whirled through the team. The official drink was Perrier, not Coca-Cola, and riders could pour the water over their swollen feet at the end of a daily stage. Levitan's co-director, Jacques Goddet, wore a pith helmet.

This year the official Tour entourage is 3,705, including 189 riders divided into 21 teams of 9 men each. There are 700 pichmen preceding the race to distribute and sell such wares as "official" T-shirts and programs. The 700 journalists and 260 photographers and television cameramen are assisted by 830 technicians.

The Tour's "partners" — Credit Lyonnais, the Champion supermarket chain, the PMU betting system for horse races and Coca-Cola — have sent a total of 300 representatives along. Each partner pays between 17 million and 20 million francs for the right.

As "official sponsors," which pay between 4 million and 7 million francs each, there are the Cœur de Lion cheese makers, the Locatel chain of television renters, Credit Lyonnais again and the Festina watch company.

The annual budget for the Societe du

Tour de France, which organizes not only the world's most prestigious and richest race but also such others as Paris-Roubaix, Paris-Tours, la Classique des Alpes and the Open des Nations on the track, is put at 250 million francs a year for all competition. No breakdown is made public for the Tour alone and no profit figures are given, although the Tour is believed to generate several million dollars in profit.

In terms of publicity, reporters represent 445 newspapers in 27 countries. Fifty-five television channels blanket 169 countries with a total number of viewers estimated at more than a billion during the three-week race. Forty-three national radio stations cover the race along with 59 local ones.

Dozens of those reporters rushed to the Festina team's hotel on Saturday in hopes of hearing the riders' reaction to their expulsion.

Outside the turreted chateau where the team spent the night, just under the lilac climbing the walls, Daniel Devors, a 42-year-old fan, was sitting on his bicycle, a clunker that Richard Virenque would not use even to go to the grocery store.

"The expulsion seems fair," he said, sucking in air after his climb up the long driveway. "If the riders did something like that, they should be punished. Cycling is supposed to be a clean and healthy sport."

Asked if the sport could purge doping, he shrugged. "That's the question," he said. "Nobody knows the answer."

He knew that, even in Levitan's day, drugs and doping were a problem. If he thought about it he could probably remember the death of Tom Simpson from amphetamines in 1967 and the Tour's deliberate start the next year in Evian. He might even have remembered

## Jones Pummels Old Sparring Partner

The Associated Press

NEW YORK — Three years ago, Lon Del Valle worked for Roy Jones Jr. as a sparring partner. On Saturday night, in the Theater at Madison Square Garden, Del Valle found out Jones is still the boss.

Jones pounded Del Valle's face lumpy, hurt him with body shots and found time to showboat, too, as he won a unanimous 12-round decision.

But before Del Valle lost the World Boxing Association light heavyweight title to Jones, who is the World Boxing Council 175-pound (79-kilo) champion,

he brought the crowd to its feet by knocking Jones down in the eighth round.

After Del Valle's brief moment in the spotlight, Jones took control again but stopped his showboating.

Jones had just too much power and too much speed for Del Valle, who was paid \$750 a week when he sparred with Jones in 1995. On Saturday night, Del Valle got \$850,000. He earned it.

Jones blasted him with rights to the head, left hooks and both hands to the body. Del Valle had no answer except his courage.

In the eighth round, with 35 seconds left, the left-handed Del Valle landed a right-left to the head that dropped Jones for a five-count. But Del Valle simply had nothing more with which to profit from that advantage.

In Sheffield, England, Carl Thompson became the first fighter to stop the former world middleweight and super-middleweight champion Chris Eubank on Saturday. Thompson kept his fringe WBO cruiserweight title after the challenger failed to come out for the 10th round. Eubank's left eye was virtually closed from the sixth round on.

## CROSSWORD

### ACROSS

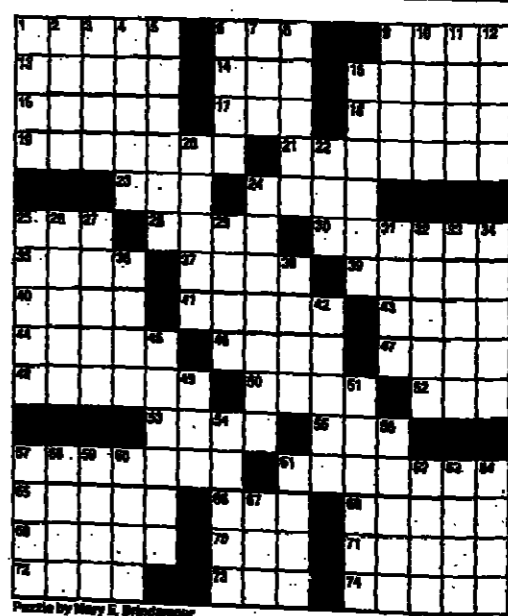
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- 9 Luxurious
- 13 To any degree
- 14 The Beatles' "Love You"
- 15 French income
- 16 Prickly plants
- 17 "Galt's"
- 18 Terminator
- 19 Train car/Strips again
- 21 Hooks back up/Winder
- 22 Chess's Lopez opening
- 24 Early baby word
- 25 Time in history

### DOWN

- 2 Pouches
- 3 Type of type: Abbr.
- 4 Shoestring
- 10 Talking on
- 11 Boo-boo/Students
- 12 Work out in a ring
- 14 Shade of blond
- 15 Pagan crown
- 16 Carson's successor
- 18 Loosen
- 19 Dance bit
- 20 For the women

### 15 Newly placed/Telephone

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- 22 Sullivan and Harris
- 24 Bring the door (Hugely unpopular)
- 25 Lyric poem
- 26 "Bolero" composer
- 27 Sour
- 28 Scramble piece
- 31 Simon or Diamond
- 32 Art subjects
- 33 Silence
- 34 Scout's good words
- 35 Genealogy display
- 36 Roasting rod
- 37 French legislature
- 40 "Seinfeld" guy/Comment
- 41 Southern power provider: Abbr.
- 42 "20 Questions" category/Layer
- 44 Put into effect
- 45 Ensign
- 47 1968 musical
- 48 "Mc X"
- 49 Desert Storm vehicle
- 50 She sheep



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See our International Franchises every Wednesday in The Internet.

## SPORTS

Sellers' Market  
For Mound Help

Top Clubs Seek Deals Before July 31

By Murray Chass  
New York Times Service

NEW YORK — Line up the usual suspects, toss them into the air and see where they land. Texas? Anaheim? Cleveland? Boston? San Francisco?

It is that time of season, when contending teams are desperate for a starting pitcher or two and the deadline for trading without waivers looms. That deadline is July 31, meaning that some players can expect to change addresses more likely closer to then.

Pete Harnisch, Tim Lincecum, Bob Tewksbury, Mike Morgan, Jaime Navarro, Juan Guzman, Carlos Perez, Todd Stottlemyre and Randy Johnson. Some of those pitchers could wind up in a division or wild-card race.

Johnson is the most glamorous and most talented of those, but he is not going anywhere unless Seattle's ownership removes the shackles from the wrists of the general manager, Woody Woodward.

The movement of the others depends on a variety of factors: whether they sign a new contract, whether their team sees itself as a contender, whether the offer is tempting enough. Other players — relief pitchers and hitters — could be traded, too.

But the most serious shortage on contending teams seems to be — no surprise — starting pitching. Consider the Anaheim Angels and the Texas Rangers, for example. They are scrapping with each other for the American League West championship, and both need pitching help even though the Rangers acquired Esteban Loaiza from Pittsburgh on Friday.

"I am doggedly going to pursue anybody who has anything we like," said Bill Bavasi, the Angels' general manager. "I have to keep on their tail, because on the 28th or 29th, they might call back and say, 'We've changed our mind — let's make a deal.' If I don't continue to be a pest, I might miss out."

Doug Melvin, the Rangers' general manager, has a board on a wall of his office. One column is a sellers' list, the other a buyers' list — that is, the clubs that might be willing to trade players and those that are pursuing players. Melvin's Rangers and the Angels are listed among the buyers.

"We're both looking for pitchers," Melvin said. "There's not a lot of quality pitching out there. You might have to take a chance on getting a good arm and hope he wins some games."

The Rangers jettisoned one starter last month, inducing St. Louis to take Bobby Witt by offering to pay all but \$300,000 of his \$3.25 million salary. John Burkett has a 5-10 record, Darren Oliver a 5-7 mark. The team's two most effective starters, Rick Helling and Aaron Sele, gave up a combined 13 earned runs and 19 hits in eight and two-thirds innings on successive nights last week.

The Angels have had most of their rotation on the disabled list much of the season. Ken Hill and Jack McDowell are still there; Allen Watson rejoined the team after the All-Star Game break, though not in the rotation. The Angels are trying to win with a rookie, Jarrod Washburn, and a replacement project, Steve Sparks.

It is conceivable that the two teams could pursue the same pitcher and wind up in a bidding war. "If we do, we probably won't know it," Bavasi said. "It's very seldom the other general manager tells you who you're bidding against. In this case they're likely to drop a hint to make me and Doug nervous. If we both bid foolishly, I hope they get it."

With the sellers' market. Sometimes, though, the sellers do not want to sell. That is the Mariners' stance on Johnson.

"Our position," Woodward said, "is the same as it has been since we announced that we would not be trading Randy and that we were to have no further comments."

Until that June 2 announcement, the Mariners were prepared to trade Johnson to Los Angeles for Ismael Valdes and Wilton Guerrero plus a relief pitcher, or to another team that might have jumped in with a better offer. But the owners, who do not intend to sign Johnson, inexplicably yanked him off the market, and he remains in that lame-duck state. If the Johnson embargo is lifted, the Mariners are sure to receive a flurry of offers instantly.

Many clubs have also been waiting for the Cincinnati Reds to make a decision on Pete Harnisch.

"On Aug. 1, either he will have signed an extension with us or he will have been traded," said the general manager, Jim Bowden. "We've had serious discussions with eight major league teams, six of them contenders, regarding Pete, and we're weighing those deals as compared to signing him."

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The Twins' catcher, Javier Valentin, right, moving in to put the tag on Oakland's Rafael Bournival at the plate.

## Tigers Rally in 8th to Down Bosox

The Associated Press

Damian Easley and Bobby Higginson each drove in a run on singles in the eighth inning to give Justin Thompson his second straight home victory as the Detroit Tigers defeated the Boston Red Sox, 3-1, on Sunday.

With the game tied, 1-1, in the eighth, Joe Randa hit a one-out single off Tom Gordon (4-3) and took third on Brian Hunter's single. Easley and Higginson then hit consecutive singles.

Thompson (9-8) struck out 10 in a seven-inning, his fourth complete game. The left-hander's victory last Tuesday over Kansas City was his first at Tiger Stadium this season. He had lost his first six decisions at home.

Bret Saberhagen pitched seven strong innings for Boston but got his third straight no-decision. He gave up a run and five hits with a season-high eight strikeouts and no walks.

Blue Jays 9, Yankees 3 In Toronto, Jose Canseco hit two home runs, including a grand slam, and Carlos Delgado hit the first ball into SkyDome's fifth deck in right field as the Blue Jays routed New York.

The Blue Jays won twice in the three-game series. New York lost a series for only the third time this season, and has now dropped three of four games.

Canseco's sixth career slam gave the Blue Jays a 4-1 lead in the third against Andy Pettitte (12-6), who lost for the first time since May 31.

Canseco's 26th homer in the seventh hit the facing of the fifth deck in left field, a 460-foot (140-meter) shot. It was his fourth multihomer game of the season and 31st of his career.

Delgado homered over the Hard Rock Cafe in right field, a 467-foot shot in the fifth. The two-run drive was Delgado's 19th homer of the season.

In the 1989 AL playoffs while playing for Oakland, Canseco became the first player to homer anywhere into the fifth deck, connecting against Mike Flanagan.

Woody Williams (9-4) allowed three earned runs and six hits in 6 1/2 innings. He struck out three and walked five. Pettitte had his six-game winning streak snapped. He gave up seven earned and six hits and seven walks in 6 1/2 innings. The left-hander struck out seven.

Tim Lincecum put the Yankees 1-0 ahead in the third with a sacrifice fly. Paul O'Neill hit an RBI double in the fifth that made it 4-2.

Bernie Williams singled home a run in the Yankees seventh. In games played Saturday: Dodgers 10, Cardinals 6 Gary Sheffield and Matt Lincecum each hit two-run homers in the eighth inning as the Los Angeles Dodgers rallied to beat the Cardinals in St. Louis.

After hitting two home runs Friday night, Matt McGwire went 0-for-4 for St. Louis. He also drew his 100th walk of the season.

Mets 7, Phillies 6 Mike Piazza homered twice and Al Leiter pitched six scoreless innings in his first start since spending three weeks on the disabled list as New York beat visiting Philadelphia.

Astros 7, Giants 2 In Houston, Ricky Gutierrez and Derek Bell hit home runs and Sean Bergman pitched seven strong innings. The Giants have lost seven of eight games since the All-Star break.

Brewers 7, Braves 1 Steve Woodard dominated the Braves on the mound and at the plate, allowing only three hits in eight shutout innings and driving in two runs as Milwaukee won in Atlanta.

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Yankees 10, Blue Jays 3 Bernie Williams, sidelined for more than five weeks because of a sprained right knee, homered and singled twice as New York won in Toronto. Williams, activated from the disabled list before the game, scored three runs and drove in two. Tim Lincecum hit a grand slam as the Yankees stopped a two-game losing streak.

Indians 15, White Sox 9 Brian Giles drove in five runs and Travis Fryman hit a go-ahead single in the eighth inning as Cleveland blew an eight-run lead before regrouping to win in Chicago.

Twins 4, Athletics 3 Matt Lawton's second double of the game drove in Paul Molitor with the go-ahead run in the eighth inning as Minnesota came from behind to win in Oakland.

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## BASEBALL ROUNDUP

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Turner's Games  
Stay Above WaterBy Randy Harvey  
Los Angeles Times Service

NEW YORK — Arriving in Port of Spain a day early for a soccer game in 1990, a college and I were handed off by the president of Trinidad and Tobago's soccer federation to an associate who went by the name of Bones.

Bones, a most hospitable and thirsty man, gave us a tour of the city, including several bars.

Last call came for us at around 2 A.M., after which we assumed we would be driven to our hotel. Instead, Bones wanted us to meet friends of his at their home, insisting, correctly, they would be up watching television. Specifically, they were watching CNN.

"We, on this tiny Caribbean island, used to live in isolation," one said. "CNN has enabled us to join the rest of the world. This Ted Turner, he is the greatest man of our time, no?"

Not everyone might agree. It is decidedly more fun to toss rotten vegetables at Turner because of his overacting in the role of Don Quixote on the world stage. That, however, places more emphasis on style than substance.

Indeed, anyone who donates \$1 billion to the United Nations, hunts ducks with Fidel Castro, marries Jane Fonda and still considers himself a member in good stead of the Republican Party is not easily deterred.

And it is because of Turner's persistence, and his alone, that the Goodwill Games still exist.

Further defying the odds, not to mention logic, he placed the fourth version of his Games in New York, which is hardly known for good will. But although New Yorkers are not hostile toward the Games, they seem to be something else: ambivalent.

Through Saturday, only half of the 600,000 tickets for the competition that began Sunday and continues through Aug. 2 had been sold.

In a recent published report about the Goodwill Games, one sports marketer said, "I bet if you went out on the street and asked about 10 New Yorkers what they are, eight would tell you 'Turner'."

Turner would tell them that they are a "small-scale Olympics," involving 1,500 athletes from 60 countries in 15 sports, including track and field, swimming, basketball, boxing and figure skating.

Cynics would suggest that their primary purpose is to provide programming for 16 nights in the dead of summer for the Time Warner/Turner-owned TBS and HBO television stations, although they also were able to sell rights to selected weekend events to the CBS network.

But no matter how the Goodwill Games are defined, there is no question that Turner believes in them as deeply as Pierre de Coubertin did in the Olympic Games, which also attracted skepticism when they were revived in 1896.

According to one New York newspaper, Turner recently said before a staff meeting that his "two proudest accomplishments were CNN and the Goodwill Games." The title of his new autobiography is, "Riding a White Horse/Ted Turner's Goodwill Games &amp; Other Crusades."

Turner started the Goodwill Games in 1986 as a peace mission, believing that U.S. and Soviet-led boycotts of the 1980 and 1984 Summer Olympics signaled a particularly perilous time in relations between the two superpowers and that they could not begin to engage each other in meaningful endeavors if they would not even agree to allow their athletes to meet.

During an impassioned news conference at the initial Games in Moscow, Turner spoke about the horror of a nuclear holocaust, the value of all life on the planet and closed with the provocative "and what about the elephants?"

He was less cryptic in a conversation with Mikhail Gorbachev, whom, according to Turner's autobiography, he told, "Look, I have kids. You have kids. What's their future going to be like?"

With the thaw of the Cold War, the question today might be whether the Games are still relevant.

Time Warner, which has merged with Turner since the 1994 Games in St. Petersburg, Russia, and was believed to be less enthralled with them than their founder, has decided they are.

Despite losses of \$109 million from the first three versions and a projected deficit of between \$10 million and \$20 million from this one, Turner announced Saturday that the Games will go on — in 2001 in Brisbane, Australia.

The major athletic battles this year will pit the United States vs. Iran in wrestling, the U.S. and Chinese women swimmers and, in track, three of the world's fastest men: Donovan Bailey of Canada, Maurice Greene of the United States and Ato Boldon of Trinidad. Bones and friends will be watching in Port of Spain.

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San Diego 10, Los Angeles 6  
Houston 10, Texas 6  
Chicago 10, Cleveland 6  
Detroit 10, Kansas City 6  
Milwaukee 10, St. Paul 6  
Minnesota 10, Oakland 6  
Seattle 10, San Francisco 6  
Colorado 10, Arizona 6  
San Jose 10,

**WORLD ROUNDUP**

**Ronaldo's Reaction**

**SOCCER** Ronaldo's bedroom convulsion only hours before last weekend's World Cup final may have been caused by a reaction to a common painkiller, a doctor to Britain's Olympic team told a British newspaper.

Dr. Michael Turner told the Mail on Sunday that an injection of the painkiller lignocaine could result in the sort of fit Ronaldo suffered on the day of the final.

"There's always a great temptation in sport to stick a needle in someone before a big game and give them something stronger," Turner said. "If it was lignocaine they used, then it is a drug noted to have side effects that include convulsions." (AP)

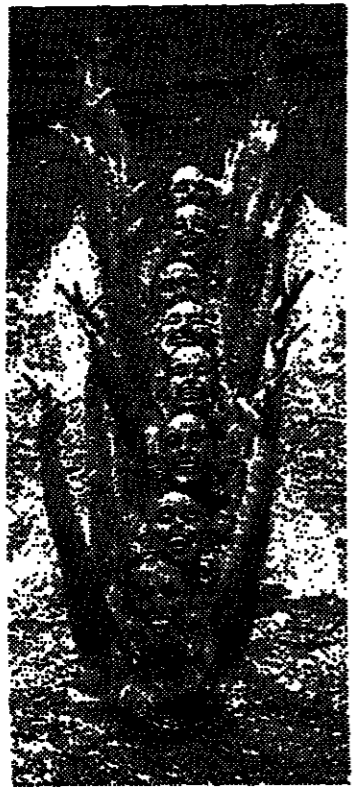
**Kenyan Runs Fastest 800**

**ATHLETICS** Japheth Kimutai, a 19-year-old Kenyan, ran the year's fastest time in the 800 meters in Stuttgart on Sunday. Kimutai ran one minute, 42.76.

Another Kenyan, Wilson Boit Kipketer, ran 8:01.05 in the steeplechase, the best this year. (AP)

**Springboks Beat Australia**

**RUGBY UNION** South Africa beat Australia, 14-13, in Perth on Saturday in the Tri-Nations tournament. Australia scored two tries by Ben Tune and George Gregan — to one by Joost van der Westhuizen for South Africa. But Percy Montgomery kicked three penalties for South Africa, while Matt Burke made only one for Australia. (AP)



**FULL OF GOODWILL** — Canada's synchronized swim team performing Sunday in the 1998 Goodwill Games. Article, Page 17.

**O'Meara Captures British Open In 4-Hole Playoff Against Watts**

*Victory Gives Masters Champion His 2d Major Tournament This Year*

By Leonard Shapiro  
Special to the Herald Tribune

**SOUTHPORT, England** — Two miracle bunker shots at the same hole was far too much to ask of Brian Watts on Sunday, especially against the resourceful Mark O'Meara, the champion of the 127th British Open and the oldest man ever to win two major titles in the same year.

Watts, an American who plays regularly on the Japanese Tour, had forced a four-hole playoff against O'Meara at tame Royal Birkdale with one of the most astounding shots from the sand at the 18th hole ever witnessed in this jolly old event.

Needing to make par, he very nearly holed the shot out of a dreadful stance, leaving it a foot from the pin, and tapped in to go to a four-hole playoff against the 1998 Masters champion.

The two men tied at even par over 72 holes, the highest score since 1986, with O'Meara shooting a two-under 68 in regulation and Watts an even-par 70.

O'Meara, 41, birdied the first hole of the playoff, the 344-yard 15th, and Watts could only manage a par five after driving into the high bay off the tee, missing a four-foot putt for birdie that just missed the right edge of the cup.

Both men would par the next two holes, allowing Meara to take a one-shot lead going into the 18th. Both men hit their tee shots to the middle of the fairway, but Watts put his second into a greenside bunker. O'Meara, knowing

his foe was in trouble, placed his second on the back of the 18th green, inches off the putting surface, but only 15 feet from the hole.

Watts knew he needed to hole out his bunker shot, at least to force an extension of the playoff, and he tried hard to accomplish that nearly impossible feat. His ball flew out of the trap, bounced several feet in front of the flag,

**BRITISH OPEN GOLF**

but skittered past the hole by six inches and came to rest 28 feet away.

When he two-putted for bogey, O'Meara two putted for par, raised his arms in triumph and was greeted by his two children, who ran onto the green at the urging of their mother, who stayed behind in the photo area grinning.

"The victory was unbelievable," said O'Meara. "I was pretty impressed with myself. I was so relaxed, pretty calm, and I played some solid golf. I can't put my finger on it, but this championship has always been special."

"I think I took a little bit from my Masters victory and dealt with all the pressure," O'Meara won \$520,000 for his efforts.

That brought to a close a rollicking Open, with more memorable shots coming down the stretch than anyone could possibly have imagined.

There was Tiger Woods, O'Meara's young friend, making two of the most amazing birdies on the last two holes, including a 30-foot chip-in at the 17th

and a 25-foot putt at the last to get to one-under for the tournament with a stunning 66-281.

There was the 17-year-old amateur Justin Rose holing out from the left rough from about 50 yards off the green for one last birdie that allowed him to shoot 69-282. He joined Jim Furyk, Raymond Russell of Scotland and Jesper Parnevik of Sweden in a tie for fourth place at two-over 282. His was the best finish in the Open by an amateur since 1952.

Most of all, there was O'Meara, making an incredible birdie at the 17th himself after hitting his second shot into a seemingly unplayable position in the deep rough. With the ball below his feet, O'Meara managed to slip his club under the ball and bang it to within 18 feet of the hole, then made the putt for birdie to get to even par for the tournament.

He had a dicey moment at the 18th when his 20-foot birdie putt slid four feet past the hole, but he made the putt for par, a round of 68 and an even-par 280 for 72 holes. He then had to sweat out Watts' finish in the last group of the day, and he too birdied the 17th to draw even with O'Meara, making an 18-foot-er there after a dreadful chip.

All looked lost for Watts when he put his second shot in the bunker, but his blast to a foot and tap-in par got him into the playoff. Though he was not able to win the claret jug, there still was some consolation. His prize money of \$329,000 will allow him to play the U.S. Tour for the 1999 season.



Mark O'Meara hitting out of the rough at the British Open on Sunday.

**At 17, 'Amazing' Justin Rose Catapults His Way Into the Pros**

By Christopher Clarey  
International Herald Tribune

**SOUTHPORT, England** — Justin Rose walked toward an 18th green for the last time as an amateur on Sunday. He would not need to bother with holing a putt, which was just one of the many reasons why this English 17-year-old had decided that he no longer needed to bother playing this tricky game for free.

He had been leaning that direction all week at his first British Open, and on his third shot at the par-4 18th, he had leaned over in the rough to play a lob wedge about 45 yards from the cup. Up it went and before it reached its apogee, somebody shouted "Get in the hole."

Unlikely? Certainly. But then Rose had been making mischief with probability since the second round, when he shot a 66 in wind-swept, rain-swept conditions, far more conducive to a 76. Up the ball went on Sunday, and when it landed and began bouncing straight at the pin, the biggest roar of this British Open was already brewing.

When Rose's wedge shot finally dropped into the hole, the temporary bleachers surrounding Royal Birkdale's 18th green were shaking from the force of the gallery's collective delight.

"I had nothing to lose; it was one of those incredible moments — the ball got nearer and nearer and finally disappeared," Rose said. "I couldn't believe it."

Rose's imagination-stretching final birdie had not made him the first amateur in 68 years to win the British Open, but it had brought him within remarkably close range.

His 69 on Sunday would leave him in a four-way tie for fourth: two shots behind Mark O'Meara and Brian Watts, and one shot behind Tiger Woods, the American phenom who did not feel comfortable turning professional until he was 20.

"He has held himself together really well," Woods said. "Hopefully it will continue, and he can keep playing well and make the right decisions. I know that it would have been very difficult for me to turn pro at that age because my game really wasn't ready for it. Obviously, he has shown some skills, and hopefully he'll be able to keep being consistent. That's the key, because the media are going to build him up to be something pretty big, and hopefully he will be able to keep playing well."

Like Rose, Woods also won the Silver Medal that is given to the low-scoring amateur at the British Open. He

did so in 1996, but unlike Rose, Woods finished in a tie for 22d that year.

Rose's finish is believed to be the best for an amateur here since Frank Stranahan was second in 1953. But Stranahan was no teenager, and on Friday when Nick Price heard that Rose had shot a 66, he turned to Woods and jokingly said, "You're 22. You're an old man already."

The men are still being separated from the boys in golf, but always not in the traditional order. O'Meara, the winner Sunday, is 41, but even so change appears to be in the wind in this game where experience and maturity have long had the edge on youthful insouciance and exuberance.

Woods was considered an anomaly when he became the world's top-ranked golfer at 21, but Rose now has confirmed that he has the ability to be an exception to the rule as well.

Mat Kuchar, the American amateur champion, finished in a tie for 21st at the Masters this year at age 19 and then followed that up by tying for 14th at the U.S. Open.

Sergio Garcia, an 18-year-old Spaniard who won the European amateur championship in 1995 at the age of 15, shot a 72 on Sunday to finish 12-over par, which would have been considered

a remarkable performance in these difficult conditions if Rose had not completely overshadowed him.

"I think Tiger obviously has brought this on," said David Leadbetter, the coach who has worked with Price and Nick Faldo. "He's got players thinking that maybe they should think about making the leap earlier, as well. There are a lot more young ones coming into the game. You're going to find players getting better younger, rather like tennis."

Leadbetter also has worked with Rose, who came to see him in Florida earlier this year.

"He's a phenomenal talent, and I think he will win a British Open one day," Leadbetter said. "He is a young body with an old head."

For the moment, neither Garcia nor Kuchar have announced plans to turn professional, but Rose has already decided that when the Dutch Open starts this week in Hilversum, he will be playing for money.

"It was made today, this moment," Rose said of his decision. "It's something that has been weighing on my mind. It has always been a possibility, but I was going to use this week as a way of helping me decide. The way it's gone I would be silly not to, I think."

Rose, who was born in South Africa and moved to Britain at the age of 5, was indeed remarkably composed this week, and on Sunday after dropping two shots on the front nine, he finished with three birdies on the final seven holes, playing creatively when in difficulty and maintaining his rhythm throughout the round.

But what made his precocity even more pleasurable to watch was that his on-course demeanor bore little resemblance to those of his tightly wound, tightly focused elders.

As he walked through the massive galleries that followed him Saturday and Sunday, he waved or flashed a thumbs-up sign to those who shouted his name.

On Saturday, when a group of teenage girls shrieked as he walked by, Rose started giggling himself. As he walked down the 14th fairway, he turned to his caddy, Stuart Bradley, and said, "This is amazing."

On Sunday, after he finished his round, that word still applied. "At the beginning of the week, all I wanted to be as a part of it," he said. "I didn't realize I would be such a part of it, almost getting the feel of being a winning player coming up to the 18th. That's how I felt today."



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